



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

Latin America

FBIS-LAT-94-102
Thursday
26 May 1994

Daily Report

Latin America

FBIS-LAT-94-102

CONTENTS

26 May 1994

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Gore, Central American Presidents Meet [Havana Radio]	1
PRC Ambassador Participates in Awards Ceremony [Havana Radio]	1
New Ambassador to Italy Presents Credentials [Havana Radio]	1
Provincial Rain Damage Figures Noted [Havana TV]	1

Haiti

Jonassaint Interviewed on Foreign Intervention [Mexico City TV]	2
Army High Command Meets With Unit Commanders [Port-au-Prince Radio]	2
Parties Take Positions on Jonassaint Presidency [Port-au-Prince Radio]	2
Dominican Republic Promises To Respect Embargo [Port-au-Prince Radio]	3
U.S. Ambassador's Activities Noted [Port-au-Prince Radio]	3
Antidrug Service Chief Interviewed on Drug Seizure [Port-au-Prince Radio]	3

St. Lucia

OECS Leaders Meet on NAFTA, Grenada's Braithwaite Ill [Castries TV]	4
---	---

Trinidad and Tobago

Prime Minister Manning on Election Results [Castries TV]	4
--	---

MEXICO

Ministry Wants Peaceful Options 'Exhausted' in Haiti [NOTIMEX]	5
Deputies Sign Statement Rejecting Foreign Intervention [Mexico City TV]	5
Commentator Decries U.S. Lawmakers' Bill on Observers [UNOMASUNO 23 May]	5
Roundup of Economic Developments [EL FINANCIERO 19 May, etc.]	6

CENTRAL AMERICA

El Salvador

PDC Forms Commission To Save Party [EL DIARIO DE HOY 23 May]	7
--	---

Guatemala

President Finds CACIF Attitude Toward URNG Puzzling [SIGLO VEINTIUNO 21 May]	7
URNG Calls for Solution to Displaced People Problem [PRENSA LIBRE 21 May]	7

Honduras

Foreign Minister Paz on Summit, U.S. Relations [Tegucigalpa TV]	8
---	---

Nicaragua

Ramirez To Continue Seeking 'Deep Changes' in FSLN [Managua Radio]	9
--	---

Panama

Car Bomb Explodes in Panama City [Panama City Radio]	10
Colombian 'Seriously Injured' [Panama City Radio]	10
Two Suspects Arrested [Panama City TV]	10
Endara Requests Review of Clinton Canal Proposals [Panama City TV]	11
Colombian Foreign Minister Meets President-Elect [Panama City TV]	11
Comptroller Calls for End of Corporations' Secrecy [LA PRENSA 24 May]	12
Roundup of Economic Developments [LA PRENSA 18 May, etc.]	12

SOUTH AMERICA

Argentina

President Menem Opens Constituent Assembly [Buenos Aires TV]	13
Ambassador to U.S. Views Ties, Problems With NAFTA [CLARIN 24 May]	14
New Justicialist Party Faction Launched [BUENOS AIRES HERALD 25 May]	15
Court Upholds Former President Videla's Dismissal [NOTICIAS ARGENTINAS]	15

Bolivia

Army Finds Indications of Subversive Activity [LOS TIEMPOS 18 May]	15
Announces Anti-Guerrilla Training [LOS TIEMPOS 17 May]	15
Antinarcotics Force To Operate in Amazon Region [LOS TIEMPOS 15 May]	16
Coca Industrialization Decree To Remain Unchanged [HOY 19 May]	16
Coca Eradication Program To Continue [EL MUNDO 20 May]	17
Criminal Proceedings To Begin in Arms Trafficking Case [LOS TIEMPOS 18 May]	17

Brazil

PMDB Leaders Oppose Own Candidate's Proposal [FOLHA DE SAO PAULO 24 May]	17
Presidential Candidate Quercia's 'Considerable Difficulties' Viewed [FOLHA DE SAO PAULO 24 May]	18
Numbers Game Documents Apparently Forged [FOLHA DE SAO PAULO 24 May]	18
Rio Traffickers Barter Drugs for Army Uniforms [O ESTADO DE SAO PAULO 24 May]	18
U.S., French Firms Win Sivam Project Bid [O ESTADO DE SAO PAULO 25 May]	19
FIESP Businessmen Concerned About Trade With U.S. [AGENCIA ESTADO]	19

Chile

PDC Denies U.S. 'Pressure' To Impede Renewed Cuban Ties [Madrid EFE]	20
Government Says U.S. Military Action in Haiti 'Inappropriate' [EL MERCURIO 14 May]	20
Figueroa To Begin Negotiations for Mercosur 'Partnership' [Madrid EFE]	20
Pinochet Leaves for Czech Republic, Slovakia, Russia [Santiago TV]	21

Colombia

Judicial Leaders Draft Note on Executive 'Meddling' [Santa Fe de Bogota TV]	21
---	----

Ecuador

Explosion Leaves Large Area of Quito Without Water [Madrid EFE]	21
---	----

Paraguay

Romanian Prime Minister Interviewed [ABC COLOR 22 May]	21
Uruguayan Foreign Minister Arrives [ULTIMA HORA 24 May]	23
'Remarkable' Cocaine Trafficking Increase Reported [ABC COLOR 24 May]	23
Cocaine, Weapons, Counterfeit Dollars Seized in Raid [NOTICIAS]	24

Peru

Camet on IMF Letter of Intent, Salary Increase [Lima TV]	24
Huallaga Command Reports 30 SL Members Arrested [Madrid EFE]	25

Uruguay

Army Chief Praises Armed Forces Restructuralization [EL OBSERVADOR ECONOMICO 19 May]	25
Economy Minister Explains Policies, Evaluates Task [EL PAIS 18 May]	25
University Salary Conflict [EL PAIS 19 May]	26
Herrerists Proclaim Ramirez Presidential Candidate [EL PAIS 20 May]	27

Venezuela

Caldera Reportedly Preparing To Remove Ministers [ECONOMIA HOY 25 May]	27
President Discusses 'Abnormal Situation,' Two Crises [Caracas Radio]	27
Caldera Blames Pressure on Currency for Increasing Deficit [REPORTE DE LA ECONOMIA 23 May]	28
Deadline Set for Insolvent Banks To Underwrite Capital [Caracas Radio]	28
Bolivar Falls 29 Percent Following Central Bank Measure [Caracas Radio]	28
Government Approves Tax Package, Tax Code, Tax Reforms [AFP]	29
Finance Minister Expects Bolivar To Stabilize; To Visit U.S. [Caracas Radio]	29
Economic Reform Minister Confident of Improving Bolivar Situation [Caracas Radio]	29
Interior Minister on Speculation, Fight Against Crime [Caracas Radio]	30
Mass Transit Strike in Barinas; Disturbances Erupt [AFP]	30

Cuba

Gore, Central American Presidents Meet

FL2505202394 Havana Radio Rebelde Network in Spanish 1700 GMT 25 May 94

[Text] Seven Central American countries have just participated in a brief summit with U.S. Vice President Al Gore, in Tegucigalpa, Honduras. Costa Rica, Panama, Guatemala, El Salvador, Nicaragua, Belize, and Honduras, represented first by their foreign ministers and later by their heads of state or government, presented a united bloc in the meeting with Gore, who had previously announced he would stay for only eight hours. As a matter of fact, the brief dialogue that was conducted spearheads the summit President Bill Clinton has called for December in Miami, as well as the Cartagena de Indias summit in Colombia on 14-15 June.

With the Miami summit, the United States hopes to initiate a new era in its ties with Latin America to eliminate vestiges of the Cold War. It has not invited Cuba, however, using the pretext of a lack of democratization; or Haiti, although its government is recognized by the United Nations and the OAS.

It was reported that during the talks between Vice President Gore and the leaders of the region, economic and social issues were discussed as well as the strengthening of democratic institutions, the environment, the war against drugs, and issues related to probable economic aid from the U.S. Government. The main focus of the summit, however, was getting Al Gore to clarify the true possibilities of Central American countries' joining the North American Free Trade Accord. The accord, signed by Mexico, the United States, and Canada, is bound to become the most powerful commercial bloc in the world.

Still convalescing from the ravages of almost a decade of armed conflict, and short of having consolidated true peace, Central America has a population of 30 million people, over 30 percent of whom live in extreme poverty because the enormous economic aid provided the region by the United States was mostly consumed by the military in fighting the guerrillas.

Central America hoped the Clinton government would clearly define its position regarding this region and explain the conditions under which commercial negotiations might occur in order to later analyze and decide on the prospects of whether to move as a bloc or bilaterally, but still united.

PRC Ambassador Participates in Awards Ceremony

FL2505193794 Havana Radio Rebelde Network in Spanish 1700 GMT 25 May 94

[Text] PRC Ambassador Xu Yicong has participated in the presentation of the 35th Anniversary of the Agrarian Reform medal to national vanguard workers of the

National Association of Small Farmers. The ceremony was held at the Calixto Sardui Agricultural-Livestock Cooperative in Las Tunas Province. Ambassador Xu addressed the vanguard workers and stated:

[Begin Xu recording] First I would like to extend my sincere congratulations to the first secretary, the president, and the other comrades who have received vanguard status. I believe this is an example, not only for the farmers but also for the entire Cuban people. [end recording]

New Ambassador to Italy Presents Credentials

FL2505162094 Havana Radio Reloj Network in Spanish 1403 GMT 25 May 94

[Text] Today in Rome, Cuba's new ambassador to Italy Mario Rodriguez Martinez asserted that he is impressed by Italian President Oscar Luigi Scalfaro, to whom Rodriguez presented his credentials on 23 May. Rodriguez told journalists that Scalfaro turned out to be very much aware of the problems of Cuba and Latin America.

Rodriguez replaces Javier Ardizones, who was Cuba's ambassador to Italy for 10 years. Rodriguez added that among his goals are that of maintaining and further developing the already good political, economic, and trade relations with Italy and that of spreading the truth about Cuba.

Rodriguez was very much interested in getting to know the new Italian Government, which defines itself as centrist, and he reiterated that he is very pleased to have met with Scalfaro.

Provincial Rain Damage Figures Noted

FL2505130094

[Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0000 GMT on 25 May carry a report on the damage caused by recent rains in the eastern provinces.

In Santiago de Cuba, the Provincial Defense Council reported the following damage caused by "unusually heavy" rains and flooding: over 4,000 homes damaged, 72 of which were completely destroyed; close to 800 km of roads destroyed, with numerous mudslides reported in different areas; 562 power outages reported, and parts of the city of Santiago de Cuba left without power; and approximately 100 caballerias of miscellaneous crops damaged.

In Guantanamo, it has not rained for 36 hours. Juan Carlos Robinson, first secretary of the Communist Party of Cuba in the province, has stressed the importance of working together to overcome the damage. The main damage in Guantanamo occurred in the infrastructure. This resulted in the interruption of heavy-vehicle traffic between Baracoa and Maisi. Many homes, roads, and water lines were damaged in Yateras Municipality, where more than 500 ml of rain were fell. So far, the

number of lives lost is seven. Most of the people evacuated have already returned home. Close to 1,000 people remain in shelters and 1,600 homes have been reported damaged; of these, 27 were completely destroyed.

Haiti

Jonassaint Interviewed on Foreign Intervention

PA2505133794 Mexico City XEW Television Network in Spanish 0430 GMT 25 May 94

["Exclusive" interview with provisional Haitian President Emile Jonassaint by reporter Federico Guevara in Port-au-Prince on 24 May; from the "24 Hours" newscast; in French with passage-to-passage translation into Spanish—recorded]

[Text] The National Palace in Haiti has a new guest, Emile Jonassaint. He spoke to the ECO news enterprise and several Latin American reporters on the Haitian situation.

[Begin recording] [Guevara] I would like your opinion on the international community's stance regarding Haiti.

[Jonassaint] The international community acts this way because it has been misinformed on what has taken place in Haiti. I believe the international community now has precise information and that it will change its opinion in the not-too-distant future. I occupy this post in response to an article in my country's Constitution, which provides that, in the case of a vacancy, the president of the Appeals Court shall become president.

[Guevara] What is your opinion on a possible multilateral or unilateral military invasion?

[Jonassaint] Haiti cannot fight the international community; Haiti does not have the atomic bomb. It is impossible. Haiti could be reduced to ashes in a matter of minutes, but we know that your country, Mexico, has always rejected any sort of military intervention against other states. Mexico has always opposed such intervention in other sovereign states.

[Guevara] What about the possibility?

[Jonassaint] I do not know. They can do whatever they like, but I doubt it. Haiti has its protectors. [words indistinct] extremely difficult.

[Guevara] What will happen in the next few days?

[Jonassaint] Only God knows; I am not a fortune teller. [end recording]

Emile Jonassaint, who was born in 1913 and is 81 years old, is perhaps a faithful representative of that 18th century black elite—the old Haitian oligarchy—where the mixture of ancestral popular rites and their very own interpretation of constitutionality are clear examples of the enormous contradictions that seem more noticeable in this Caribbean country.

Army High Command Meets With Unit Commanders

FL2505182694 Port-au-Prince Radio Metropole in French 1600 GMT 25 May 94

[Text] The Army General Staff has held a summit. High-ranking Armed Forces officers from units and garrisons of both Port-au-Prince and provincial towns gathered for a meeting at Army General Headquarters on 24 May. The meeting lasted several hours and focused on several current issues, said a source close to the military leadership.

Approximately 30 unit commanders gathered around the Army High Command to analyze the nation's overall situation. The measures taken after this meeting are unknown. Nevertheless, it should be recalled that the Haitian Army has been on maximum alert since 20 May, a few hours before the total embargo ordered by the United Nations against Haiti went into effect.

Parties Take Positions on Jonassaint Presidency

FL2505221694 Port-au-Prince Radio Metropole in French 1600 GMT 25 May 94

[Excerpts] Several political parties have taken positions for or against Judge Emile Jonassaint in the provisional presidency of the Republic. After a week of observation, some political parties have begun to take positions on the 11 May provisional decision. Clarence Renois filed a report:

[Begin Renois recording] First, the socialists from National Congress of Democratic Movement are hoping for a quick return to constitutional order. The party of Professor Victor Benoit, minister of National Education in the resigning Robert Malval government, called on all Haitian democrats to express solidarity for the purpose of provoking a return to constitutional order.

A small party, which had supported the appointment of Judge Jonassaint, Pastor Vladmir Jeanty's Haitian Party of God, now dissociates itself from the new government. Pastor Jeanty says this team is not credible and has a negative profile. [passage omitted]

In opposition, Eddy Volel's party, the Christian Democratic Assembly, sees a dictatorship being installed in the country. The party's spokesman finds proof of this in the governmental press release, warning against any offenses to the current authorities. [passage omitted]

The MDN [Mobilization for National Development] of Professor Hubert de Ronceray, who had established some distance from the Jonassaint government even though he had previously supported it, is now consulting with the Jonassaint government. Between 19 and 22 May, Professor De Ronceray met three times with three delegations of the provisional government. Following those talks, a special consulting commission was formed by the MDN. This commission is in charge of meeting with ministerial authorities and studying the policy

planned by the government in an effort to confront the total embargo ordered by the United Nations against Haiti, according to a press release from the party.

Two other major parties, Nationalistic Progressive Revolutionary Party of Haiti, led by Serge Gilles; and Movement For the Establishment of Democracy in Haiti, led by former Prime Minister Marc Bazin, took a stand against the arrival of Emile Jonassaint in the provisional presidency of the Republic, especially denouncing the unconstitutional character of the provisional government. [end recording]

Dominican Republic Promises To Respect Embargo

FL2505190994 Port-au-Prince Signal FM Radio in French 1030 GMT 25 May 94

[Text] The Dominican Republic has decided to respect the almost total embargo imposed on Haiti by the UN Security Council on 21 May. According to Fabio Herrera Cabral, the Dominican Government intends to deploy soldiers in the border areas to prevent leaks. Herrera added that Dominican Navy troops will be sent to prevent any and all Haitian initiatives to stock pile fuel via the sea. Haitian vessels that may try to reach the Dominican coasts to buy gasoline will not be authorized to pull into any Dominican port.

U.S. Ambassador's Activities Noted

FL2505193594 Port-au-Prince Signal FM Radio in French 1030 GMT 25 May 94

[Excerpts] William Lacy Swing, U.S. ambassador in Port-au-Prince, has denounced the Emile Jonassaint government's intention to halt the flood of Haitian refugees leaving Haiti. Swing said: It is an illegal government. Its decisions will not be acknowledged by the international community.

Mr. Swing, who just returned to the country after consultations with his superiors, asked the Haitian military to take the necessary measures to ensure that citizens' rights are respected, while reaffirming that the establishment of democracy is the top priority in the case of Haiti. [passage omitted]

According to Ambassador Swing, the United States has pleaded for a marked increase in the civilian mission in Haiti in response to the Haitian people's expectations and to see to it that their rights are respected. Let us recall that according to what he has said, Colin Granderson, who is in charge of the civilian mission, intends to deploy the mission throughout the country in the near future.

Antidrug Service Chief Interviewed on Drug Seizure

FL2505190194 Port-au-Prince Radio Metropole in French 1600 GMT 25 May 94

[Text] The antidrug brigade made a spectacular seizure of cocaine at the Port-au-Prince Airport by intercepting 143 kg of cocaine going to the United States on an American Airlines plane. The cocaine was being carried by two Haitians residing in the United States, who were arrested. Another person, a Canadian of Haitian origin, was apprehended with 1 kg of cocaine and three pounds of marijuana while he was getting ready to travel abroad. Clarence Renois questioned Colonel (Antoine Athouriste), who is in charge of the Antidrug Service.

[Begin recording] [(Athouriste)] [Words indistinct] only cocaine yesterday. It was very unusual. We have never had such a case at the airport before.

[Renois] Where did those drugs transiting through Haiti, that you fortunately succeeded in intercepting, come from, Colonel?

[(Athouriste)] Just like for the other Caribbean countries, the drug comes from Colombia. We are situated on the international axis for the international traffic from south to north—meaning from Colombia, Peru, and Bolivia to the United States or Europe. It is therefore necessary for the drugs to transit Haiti. Of course, we know that many measures have been taken in Haiti. We have been in control of the situation for many years, despite certain false allegations by certain sectors or the opposition, which is continuing its campaign of denigration. [Words indistinct] in the Caribbean, and it is done in Haiti as well.

[Renois] Could you say today, Colonel, that the antidrug brigade completely controls the drug-trafficking situation in Haiti?

[(Athouriste)] I tell you sincerely that to see what we have been able to accomplish with the support of the authorities concerned constitutes our greatest satisfaction. The system is under control and they know that. You have heard about the latest report of the international observers in that regard, how they congratulate Haiti despite the embargo. We have accomplished, without much money, what the Haitian Government was never able to accomplish in the past, before 1991.

[Renois] Indeed, Colonel (Athouriste), there is a report from the U.S. Justice Department that calls into question high-ranking Army officers, who are allegedly involved in protecting this trafficking from Colombia to Haiti to the United States. An investigation has been opened in that regard. Is the Haitian Army or the Antidrug Service concerned about that?

[(Athouriste)] Your question is quite political. We are technicians. I will simply say to you that the Haitian Army is now the dog to kill. When one wishes to kill his dog, he accuses it of being rabid. But we are from the

Army and we have been fighting drugs for more than a quarter of a century in Haiti. The Haitian law on narcotics dates from 1971. To my knowledge, the Haitian Armed Forces are in charge of fighting drugs and continue to do so. I want to believe that what you hear in the media today is again this sick sector of the national life that is continuing its campaign of denigration, or that it is this sector of the international community that is affected by this virus you know. That is my opinion on that. [end recording]

St. Lucia

OECS Leaders Meet on NAFTA, Grenada's Braithwaite Ill

FL2605000694 Castries HTS Caribvision
Television in English 1945 GMT 25 May 94

[Text] OECS [Organization of Eastern Caribbean States] leaders assembled at the (Windham) Morgan Bay Resort in St. Lucia today for the 23d Authority meeting. At this morning's meeting, outgoing chairman of the Authority, Montserrat's Chief Minister Reuben Meade handed over the reins to the new chairman, St. Lucia's prime minister, Right Honorable John Compton.

The meeting, which comes at a time when a host of issues plague the subregional grouping, is expected to go until Friday. Among the subjects expected to engage the attention of the OECS leaders are the grouping's position on individual entry into NAFTA, the controversial ruling issue, and the current banana negotiating contract. This subject is of particular interest to St. Lucia, St. Vincent, Grenada, and Dominica, the islands which make up the Windwards, as these are the major banana-producing countries in the region. Another agenda item, which some OECS leaders considered an exhausted one, is that of the privatization of Leeward Island Air Transport.

This morning's official session was addressed by the outgoing Authority chairman, Chief Minister Reuben Meade, and incoming chairman, St. Lucia's prime minister, Right Honorable John Compton. The 23d Authority meeting was attended by all but one leader of the OECS, Grenada's Prime Minister Nicholas Braithwaite was noticeably absent. Ill health has been advanced as the reason for the Grenadian leader's non-attendance.

Trinidad and Tobago

Prime Minister Manning on Election Results

FL2605010694 Castries HTS Caribvision
Television in English 1945 GMT 25 May 94

[Text] Weeks of campaigning characterized by sometimes harsh accusations and lots of promises came to an

end last evening as Trinidadian nationals went to the polls to decide who they wish to represent them in the Laventille West area. The election results out of Trinidad and Tobago indicate that the People's National Movement [PNM] and the United National Congress have retained their seats. Commenting on the outcome, Prime Minister Patrick Manning expressed satisfaction with the way things went:

[Begin recording] [Manning] Over time, over the next year or two, as we come into a general election, and as things improve, as they undoubtedly will, you will see a considerable improvement in the position. The poll is low. There is voter apathy at this time because, to a large extent, we are at the midpoint in our five-year period of office. And again, because people saw no real threat to the ruling party, either in Laventille West or in (Cocorite River) Valley. All in all, I think we have done very well. I want to congratulate all parties in this election. Campaign elections were clean. Elections were incident-free except for one incident that had potential danger, but did not materialize, a couple days ago. If I told you that I was unhappy with the way things had gone, I would be less than honest.

[Unidentified reporter] One of the elements in this election has been the question of the low poll. There was very low response by the electorate, by the people who were eligible to vote for the Laventille West constituency. What do you see as accounting for this?

[Unidentified interviewee] Maybe a lot of them did not take the by-election too seriously. But I know that there are a number of (PNM) people who did not go out to vote today. And there is no indication that (PNM is not Laventille or Laventille is not PNM; Laventille is still very much FNM).

[Reporter] Right through the campaign, you would say that you were confident of victory.

[Interviewee] Yes, right through, I was. [end recording]

Meanwhile, the opposition National Alliance for Reconstruction also commented on its defeat:

[Begin unidentified speaker recording] We have been around to nearly all the polling divisions in the constituencies that took part in this election and it was quite obvious to me, and even from the reports of my election agents, that most of the people who came out to vote were senior people, and in some instances, they actually had to be helped to get into the polling station. It also tells me that the ruling party barely knows where its support is, and they go out to pull that support out, and in fact, they are pulling out senior people. They have not been able to capture the imagination of the younger voters. I think it should be a concern of all political parties because it means that the young people seem to be disillusioned with the political process. [end recording]

Ministry Wants Peaceful Options 'Exhausted' in Haiti

PA2505161994 Mexico City NOTIMEX in Spanish
0412 GMT 25 May 94

[Text] Merida, 24 May (NOTIMEX)—An official source disclosed here today that the Mexican Government hopes the current Haitian problem can be resolved peacefully and that peaceful options are exhausted in an effort to preclude the use of armed intervention.

Carlos Ferrer Argote, Caribbean Affairs director of the Foreign Relations Secretariat, pointed out that Mexico will not interfere in the conflict "because our constitutional principles on foreign affairs are based on self-determination and nonintervention."

Nevertheless, he said the Mexican Government will in no way abstain from raising its voice in favor of the Haitian people's will being respected. Once the situation in Haiti has been normalized, the Mexican Government will direct its international cooperation efforts toward the reconstruction of the country.

On 21 May, the United Nations implemented a complete embargo against Haiti after the expiration of the two-week deadline granted to coup leader Raoul Cedras to step down from power and allow the return of deposed President Jean-Bertrand Aristide. The trade embargo is the most sweeping package of sanctions directed against any country on the continent.

Within the framework of the 19th Caribbean Studies Association, Ferrer Argote stressed that Haiti's problems or the conflicts taking place in other countries in the region will undermine the integration of the Caribbean States Association. He also indicated that Mexico has "definitely" encouraged the integration of the Caribbean States Association because there must be an ever-growing sense of belonging to the region. The Caribbean Affairs director also recalled that 750 km of Mexico's coastline faces the Caribbean.

The official concluded by indicating that the aforementioned integration process has traditionally been hampered by inadequate channels of communication. Moreover, he called for the construction of a deep draft port in the Caribbean to encourage the development of navigation, maritime activities, trade, and tourism.

Deputies Sign Statement Rejecting Foreign Intervention

PA2505041894 Mexico City XEW Television
Network in Spanish 0430 GMT 24 May 94

[From the "24 Hours" newscast]

[Excerpt] [passage omitted] During today's [23 May] session, all the political parties represented in the Chamber of Deputies signed a political statement regarding foreign observers for the upcoming elections.

Felipe Munoz, 2 deputy for the Institutional Revolutionary Party, read the document.

[Begin Munoz recording] In light of recent statements by U.S. Congressmen David Bonior and Robert Torricelli, we hereby reject any attempts by any foreign organizations to intervene in our country's electoral process. [end recording]

The chairman of the Chamber of Deputies entertained nominations for citizen advisers at the Federal Electoral Institute.

Commentator Decries U.S. Lawmakers' Bill on Observers

PA2605044494 Mexico City UNOMASUNO in Spanish 23 May 94 p 9

[Commentary by Omar Carreon Abud: "Will Democracy Come To Us From the North?"]

[Text] Just like hundreds, perhaps thousands of times before, last week, prominent members of the U.S. Congress pressured our country to make Mexicans behave the way it suits them. This time, it was Democratic Congressmen David Bonior's and Robert Torricelli's turn. They submitted a draft resolution to the Foreign Affairs Committee on our country's upcoming elections. If approved, Bonior's and Torricelli's initiative would be debated and voted upon by the full House.

In essence, the U.S. lawmakers are proposing an invitation be extended to have "total international observance" of the Mexican elections and also "the establishment of autonomous electoral authorities at the federal, state, and local level." Before unveiling their proposal to journalists, Bonior and Torricelli were not remiss in including their venerable opinions on Mexican politics of the past years. All of this, according to the concerned U.S. politicians, so there can be genuine democracy in our country.

According to newspaper reports, a histrionic David Bonior said: "It is our hope that in approximately 95 days, the world will once again celebrate the triumph of democracy and raise its glass to another democratically elected president in Mexico."

The Mexican Embassy in Washington was the first to reject this clear meddling, which is unacceptable despite the fact that it has been often repeated. Government Secretary Jorge Carpizo McGregor was next to reject it. In that respect, many Mexicans feel accurately represented.

Is it necessary to have others observe us on election day? Who are these ethereal, almost immaterial individuals, uncontaminated by base economic and political interests, who could unquestionably decide if Mexicans elected their president, senators, and deputies in a democratic manner or if they cheated and have to play overtime, take penalties, or even repeat the game. Such individuals do not exist, and the U.S. lawmakers know this well.

If they insist, I am certain it is merely because they want to continue meddling, deciding the future of Mexicans. If the idea is not to impose a president because the old,

deeply rooted Mexican nationalism will not allow it, then it is at least to obtain other concessions that may not be as decisive but which are certainly vital to their interests. The message is clear: If you do not agree, if you do not accept certain treaties and agreements, if you do not accept certain conditions for conducting business, I will accuse you and portray you as undemocratic and dictatorial. It is an intimidation tactic.

It is a tactic they are already using against Cuba. Robert Torricelli is sponsoring the latest tightening of the U.S. blockade against that island. Under the pretext that there is no democracy in that small country, Cubans are being starved to death. One cannot buy anything from Cuba; one cannot sell anything to it; and if a ship (no matter from what country) even docks there, it is penalized by not being allowed to dock in U.S. ports for six months. All of this because the interests defended in the Capitol are not the same as those defended in Cuba.

In fact—and much has been said already—democracy, the election of authorities based on the sovereign will of the people, is never and has never been anything but an excuse for meddling. There are countries where there is no democracy, where it is not even known, where the people live under outrageous oppression, but those governments and systems are not the object of the mildest censure on the part of the champions of democracy to whom we refer today. On the contrary, these lawmakers are their great allies and commercial partners. Close to us, in Haiti, one of the poorest countries in the world, the military violently toppled the democratically elected president. Now he must wander for years all over the United States begging for support. He only receives evasive remarks and promises.

Father away we have an example that is similar or even more eloquent. Saudi Arabia has been ruled for decades by a despotic family that does not even know what "international observers" are, much less "autonomous electoral observers." When the time came, however, it proved itself to be one of Washington's most unscrupulous and therefore staunchest and most reliable allies. We will not even mention the terrible years of Pinochet, Stroessner, and General Videla, among many others.

We Mexicans are read the riot act, but we flatly reject it. Decisions concerning Mexico's economic and political life and everything else fall solely within our purview, even more so now that the solidarity of the poor with the poor is only an illusion of the past. If our system of life has flaws, even if it has aberrant features, it falls to Mexicans to correct it. It is clear that models from abroad are not always viable and that pressure from abroad is never acceptable. The best and only way to have a fatherland that is more just, sovereign, free, and democratic, which is what many of us want, is through the unity and organization of the people who suffer abuses and injustices and who are always living under oppression. Heeding the north is not and will never be the way. They have their interests, not friends. We have our children to leave them a better, or at least a little better, world.

Roundup of Economic Developments

PA2405211794

[Editorial Report] The following is a compilation of reports on economic developments monitored through 24 May.

A Chinese mission headed by Wang Lian Ying, chairman of the Real Estate Development Corporation of Economic Technology Development of Yukou, arrived in Mexico City on 18 May. The purpose of this mission is to sign a final agreement for the start of a "Mexican Town" tourist project in China. (Mexico City EL FINANCIERO in Spanish 19 May 94 p 18)

The inflation rate in 66 percent of the country's major cities, not including Mexico City, was greater than the 7.2 percent registered nationwide from January to April. (Mexico City EL FINANCIERO in Spanish 20 May 94 p 3A)

Figures released by the Finance and Public Credit Secretariat indicate the GDP rose 0.5 percent during the first quarter of 1994, which is the smallest first-quarter increase within the past five years. (Mexico City UNOMASUNO in Spanish 20 May 94 p 19)

Speaking in Guadalajara, Jaime Serra Puche, commerce and industrial development secretary, reported that Mexico has exported more than \$4 billion to the United States since NAFTA went into effect, thereby setting an all-time record. Meanwhile, Pedro Aspe, finance and public credit secretary, reported that customs revenues are increasing at an annual rate of 5 billion new pesos. The Finance Secretariat also reported nonoil exports rose 15.7 percent in March from the same period a year earlier, while oil exports rose 23 percent. (Mexico City XEW Television Network in Spanish 0430 GMT 21 May 94)

Mexican exports increased 17 percent during the first quarter of 1994 when compared to the same period a year earlier. Exports of manufactured goods rose 26 percent. Figures show Mexican imports from the United States increased 22 percent. (Mexico City XEW Television Network in Spanish 1300 GMT 23 May 94)

The Finance Secretariat has reported that, during the first quarter of 1994, the Mexican trade deficit hit \$4.317 billion, with exports and imports amounting to \$13.735 billion and \$18.052 billion, respectively. Meanwhile, the Mexican GDP increased 0.5 percent during the same period. (Paris AFP in Spanish 1709 GMT 21 May 94)

A quarterly report issued by the National Banking and Insurance Commission indicates that expired portfolios amounted to 38.431 billion new pesos, representing a 59.8 percent increase, in the first quarter of 1994. The report also shows that loans amounted to 471.975 billion new pesos, while bank reserves amounted to 15.369 billion new pesos, a 46.7 percent increase, during the same period. Bank net profits increased 18 percent. (Mexico City EL FINANCIERO in Spanish 23 May 94 p 4)

El Salvador

PDC Forms Commission To Save Party

PA2505024994 San Salvador EL DIARIO DE HOY in Spanish 23 May 94 p 11

[Text] Yesterday, the Christian Democratic Party's (PDC) rank and file elected a Transitional Political Commission in an attempt to politically define this institution and save it from extinction. The political commission will have eight members instead of the outgoing commission's 15 and will operate until November. Its main objective will be to reform the party's bylaws.

Napoleon Duarte, Jr., Julio Rivas Gallot, Remo Bardi, Ramon Sigfredo Jovel, Gustavo Molino, Roberto Giron Flores, Mauricio Monico, and Jorge Arriaza form the Transitional Political Commission.

During this transitional phase, the secretary generalship will be replaced by a coordinator who will be elected at the commission's first meeting.

The outgoing commission was formed by Fidel Chavez Mena, Roberto Viera, Atilio Vieytez, Orlando Arevalo, Alfonso Aristides Alvarenga, Miguel Espinal, Gerardo Le Chevalier, Antonio Morales, Pablo Alvergue, Amanda Villatoro, Antonio Torres, Gustavo Salinas, Roberto Serrano, and Arturo Argumendo, Jr., [14 names as published] all of whom resigned their positions.

In addition to electing a transitional commission, it was agreed during the party convention to draft a code of ethics and discipline for disclosure in September and to schedule a doctrine congress in August. Thus, members will have until 30 July to present collective or individual suggestions for reforms to the bylaws.

According to Milagro Azcunaga de Melendez of the Movement for the PDC's Recovery, this convention is only a cosmetic measure because it did not take into account the requests the group presented. Likewise, the party's youth, who presented their criticism at the convention with a pamphlet entitled "Ten Years of Decline, Crisis, and Recovery in the PDC," stressed that the reforms should be deep, not superficial.

The PDC reorganization is part of a series of internal changes following the political failure in the past elections.

Guatemala

President Finds CACIF Attitude Toward URNG Puzzling

PA2505004094 Guatemala City SIGLO VEINTIUNO in Spanish 21 May 94 p 3

[Text] President Ramiro De Leon Carpio has said that the CACIF's [Coordinating Committee for Agriculture, Commercial, Financial and Industrial Associations]

refusal to participate in the Civilian Society Assembly and its decision to meet with the URNG [Guatemalan National Revolutionary Unity] and to demand the legal prosecution of guerrilla commanders are still puzzling me, but I respect its position because it proves there is freedom in the country.

De Leon compared peace to a train, and sectors that fail to hop aboard are left at the station. The CACIF has realized that it must join efforts to reach peace, he added.

As for the petition made by business circles to the Attorney General's Office that UNRG commanders must be legally prosecuted, the head of state deemed it somewhat hard to understand as CACIF is holding talks with the URNG. This shows peace is more difficult to achieve than war. I want to clarify, however, that I respect all decisions made by CACIF, he pointed out.

As for the talks held by conflicting parties on the uprooted population, the president said he has little to say because civilian sectors have already made their proposals and the delegations will make the final decision.

President De Leon also said he was pleased with the visit he paid to the refugees who returned to Guatemala in the last few days because he regards them as apolitical Guatemalans, although some leaders are trying to use or manipulate them.

URNG Calls for Solution to Displaced People Problem

PA2505012594 Guatemala City PRENSA LIBRE in Spanish 21 May 94 p 45

[Paid advertisement by the General Command of the Guatemalan National Revolutionary Unity, place and date not given: "The Situation and Resettlement of the Population Displaced by the Armed Conflict"]

[Text] Being forced to leave one's land, place of origin, home, and natural and social surroundings is no doubt one of the most painful dramas that can happen to a person, a family, and a community. If violence and repression force them to seek survival and run for their lives in the midst of ferocious extermination campaigns, the scope and drama of this situation is then unmeasurable.

It is an exodus of sorrow and bitterness. It is a march amidst terror and huge uncertainty. It is to walk not knowing where, leaving everything behind, abandoning everything obtained through the hard work of a lifetime. The tales, testimonies, and descriptions of those who one day had to leave propelled by anxiety and harassment will never tell the whole story. They watched their homes burn down. They died along the way or had to start their lives again overwhelmed by sadness and longing for the past.

The scope of the people who were displaced by the repression should be carefully considered. One must recall and clearly state the motives behind the displacements, determine the consequences of these displacements, and seek solutions. In Guatemala, the displacement started with the scorched earth strategy and genocide the army carried out in large areas of the country during the 1980's. This policy later became consolidated with the repressive mechanisms of control over the population, the establishment of concentration camps, euphemistically called model towns or development centers.

The direct, repressive, and brutal actions against the civilian population is what causes the phenomenon of refugees, people displaced internally, or resistant communities. Altogether or separately, they constitute problems of a truly terrifying scope in terms of quantity and quality.

The URNG [Guatemalan National Revolutionary Unity] thinks the situation of the displaced population (refugees, people displaced internally, and resistant communities) must be viewed in its overall context, although we must seek specific solutions that at any rate and from any standpoint have a common denominator, and, therefore, comprise in a substantial manner the list of topics in this search for a political solution to the internal armed conflict.

It is totally wrong to view it as a simple problem of repatriation of emigrants who wish to return based on their legitimate right. It is also wrong to assess it for unspeakable reasons as an administrative or economic problem.

The displaced population in its various forms constitutes a living and visible testimony of a policy of repression and it includes separations, traumas, and an aftermath of historic and national consequences. It is a complex problem to which no solution can be found if it cannot be found within the framework of complete agreements that truly resolve the causes of the problem and that compensate for harm inflicted.

Repression and mechanisms of oppression were the causes that degenerated into this situation. They are the direct result of a demented outpouring against insurgents. It would be illusory or unrealistic to attempt to resolve this acute and immense problem with partial agreements or measures.

Based on the fact that this reality must be part of the general solution, the list of topics, and agreements between the government and the URNG, the following has to be taken into consideration:

1. The problem of the displaced population has to be considered and discussed as a whole, starting with the conditions and reasons that forced the different displacements and establishing the specific characteristics of its current situation.

2. Foremost, the solution to this problem must take into consideration the opinion and stance of the sectors that were directly hurt by it to study and design their resettlement.

3. Because of its nature, the situation of the displaced population will be partly resolved if the agreements on human rights adopted during the process of negotiation are fully implemented. Their implementation, enforcement, and verification is a *sine qua non* condition to make the problem viable. [as published]

4. The active participation of the international community through governments, nongovernment organizations, and humanitarian organizations is truly essential and a decisive element to guarantee their certain and effective resettlement, based on the needs of that population.

5. Considering that the essence of the problem of the displaced population has a social and political nature, although it also has very important components of an ethnic and economic nature, it is necessary to draft specific projects that address those aspects.

6. It is necessary to create and guarantee conditions so that the solution to the problem of refugees, people internally displaced, and resistant communities does not turn into a demagogic program intended to fracture the overall negotiation.

7. In the case concerning refugees in Mexican territory, the impartial conditions for their return have to be created. In addition, the elemental principles of voluntariness and specific guarantees of a political, economic, and social nature that they are defending must also be created.

[Signed] URNG General Command.

Honduras

Foreign Minister Paz on Summit, U.S. Relations

PA2505163994 Tegucigalpa Telesistema
Hondureno Television Network in Spanish 0000
GMT 25 May 94

[Interview with Foreign Minister Ernesto Paz by anchorman Edgardo Melgar and journalist Mayra Navarro at network studios in Tegucigalpa and by Carlos Ridel at network studios in San Pedro Sula; from the "This Very Day" newscast—live]

[Text] [Melgar] I am accompanied by Foreign Minister Ernesto Paz Aguilar. Thank you, Mr. Foreign Minister, for being with us on "This Very Day" newscast. What is your opinion on the summit among Central American presidents and the U.S. Vice President?

[Paz] I firmly believe this summit marks the beginning of a new relationship between Central America and the United States in the framework of a new phase, the

post-Cold War period, with a new democratic leadership that will show the way for Central America to follow in the next few years.

[Melgar] Was this summit a success?

[Paz] It was a success.

[Melgar] For whom?

[Paz] For Central America and the United States. I think it represents significant support for the Honduran Government and for President Reina as a leader. This is an event that speaks for itself and responds to some foreign publications that claim there is no credibility or stability in Honduras. Vice President Gore's presence here has strengthened the regional leadership of President Reina.

[Melgar] Let us quickly review the agreements celebrated this afternoon by the presidents of Central America and Vice President Al Gore. Let us begin with Carlos Ridel, at the main studio.

[Ridel] Welcome, Foreign Minister Paz, for being with us. We understand there will be a hemispheric summit in Miami in November. What significance will the resolutions drafted here today have for the Miami summit?

[Paz] I think the summit scheduled to take place in December will allow the United States to outline its foreign policy for Latin America. I think it is positive for Latin America that the United States is outlining its policy for the next few years.

[Melgar] Mayra, I believe you want to ask the foreign minister about commercial relations.

[Navarro] Yes. Today, Vice President Gore announced Central America will be granted some benefits similar to those Mexico receives through NAFTA, but in exchange for some conditions. Perhaps you can give us more detail on these conditions and on how the integration will take place.

[Paz] Central America has reiterated its desire to join NAFTA. Central America has requested to be granted benefits similar to those Mexico receives within the framework of NAFTA.

In the next few months, President Clinton will present to the U.S. Congress a bill to extend the benefits of the Caribbean Basin Agreement. Central America will have to make efforts to improve the capabilities of Central American workers. It will have to make substantial changes to the copyright law. This is a demand of the United States.

[Melgar] Mr. Foreign Minister and listeners, I have in my hands a copy of the joint communique signed by the presidents of Central America and the U.S. Vice President. Here is a part that speaks of a common project involving Central America and the United States. The communique speaks of sustainable development. We

have characterized it as a framework for creative cooperation within which we can jointly tackle priority objectives of common interest, such as fighting poverty and strengthening democracy. How will this common U.S.-Central American project of sustainable development be carried out?

[Paz] Sustainable development has to be based on a new kind of alliance between Central America and the United States. Sustainable development is a new concept that takes into consideration the interest this and future generations have in combining development and the struggle against poverty in harmony with nature.

[Ridel] Mr. Foreign Minister, excuse me for stepping out of the economic and social arena, but today, the presidents of Central America stated their solidarity with former Venezuelan President Carlos Andres Perez. The Venezuelan Foreign Ministry immediately told them not to meddle in the domestic affairs of Venezuela. What can you tell us about this?

[Paz] I think the statement by the Central American presidents was a gesture of gratitude toward an important person who decisively supported Central America when it was going through its most difficult period in the 1980's. We think we should not take the feathers off a wingless bird. We Central Americans believe in gratitude and think this is good news for a man who is going through his most difficult moment and is in prison.

[Melgar] Thank you, Mr. Foreign Minister, for participating in this mini-news conference. Any final statement for our television audience?

[Paz] I thank "This Very Day." I am certain we have embarked on a new phase that will reorient U.S.-Central American relations based on mutual respect and common interests between the two regions.

[Melgar] Thank you, Mr. Foreign Minister.

Nicaragua

Ramirez To Continue Seeking 'Deep Changes' in FSLN

PA2505191994 Managua Radio Nicaragua
Network in Spanish 1200 GMT 25 May 94

[From the "This Morning" newscast]

[Text] Sergio Ramirez Mercado, who was removed from the Sandinist National Directorate during the party's special congress, has said he will continue the struggle for deep changes in the Sandinist Front [FSLN], which is now controlled by Daniel Ortega's orthodox faction. I will continue promoting ideas of change, transformation, and renewal within the FSLN, the former Nicaraguan vice president and chief of the FSLN bloc in the National Assembly said. He added: These are not battles one wins

in only one day. He also said a crisis emerges when something does not complete its birth and death processes.

He indicated that one must struggle for something new to be born in Sandinism. In that constant struggle, nothing is over [words indistinct] the day of its victory, Ramirez said. He said that in the National Assembly, the conservative group that now controls the party has already carried out the first phase involving crushing those who do not think like it does. He was undoubtedly referring to Daniel Ortega and those who currently hold important key positions in the FSLN. Ramirez said they will now implement the second phase of the plan to control the legislative faction, the newspaper BARRICADA, the media stations, and those who do not think like the new Sandinist leadership that emerged from the FSLN congress.

Panama

Car Bomb Explodes in Panama City

PA2505141794 Panama City Radio KW
Continente in Spanish 1330 GMT 25 May 94

[Report by Mayin Correa; from "The Word" newscast]

[Text] A bomb has exploded in the car of Mr. Adan Schwartz. He escaped unhurt. A bomb exploded in his car on Via Italia Avenue. We will have more details later.

Colombian 'Seriously Injured'

PA2505165194 Panama City Circuito RPC Radio
in Spanish 1440 GMT 25 May 94

[Report by Jose Cortes and Luis Jimenez]

[Excerpt] [Cortes] The explosion took place exactly 800 meters from the Plaza Paitilla Inn on Via Italia. This happened at approximately 0820 [1320 GMT] this morning. Information gathered by RPC Radio from PTJ [Judicial Technical Police] agents reveals that the person wounded is Colombian Aaron Schwartz. He was seriously injured. His car was parked outside the Tamaco Building...

[Jimenez, interrupting] The Tamanaco Building.

[Cortes] Excuse me, the Tamanaco Building, where he lives. This is where Colombian citizen Aaron Schwartz lives. He was injured and taken to Paitilla Hospital.

On 13 May, Mr. Schwartz witnessed a kidnapping attempt in this same building. It seems the kidnappers constantly followed him. Last night, they managed to place a bomb in the rear of his car, a Cherokee four-wheel drive vehicle. It is a blue vehicle with brown molding on the sides and the license plate 521054.

It is worth noting that he was being tailed because he had witnessed a kidnapping. The kidnappers felt he gave

some information to the PTJ linking them to a kidnapping attempt in the Tamanaco Building in the Punta Paitilla area.

This is the part of the information we have been able to gather in the area of Punta Paitilla. The National Police are still cordoning off the area. Another vehicle was also damaged as a result of the explosion. By the way, a black Cherokee four-wheel drive vehicle was behind the vehicle that exploded. Some shrapnel also hit nearby homes. This is what is happening. The National Police are still investigating the incident and promise to provide details later.

We should also note that the driver of the black Cherokee who was driving behind the car that exploded this morning was unhurt, although the vehicle was badly damaged. The driver is a Jewish citizen. We tried to talk to him—this man who witnessed everything—but he refused to comment.

[Jimenez] In terms of the injured, we first learned one person was injured in the explosion. Later, we were informed someone else was injured.

[Cortes] This is what we have. We talked to some witnesses and one told us he was walking nearby when he heard the blast. When he turned around, he saw someone exiting the vehicle. It seems this person was seriously wounded. This is what the witness said. [passage omitted]

Two Suspects Arrested

PA2605021994 Panama City Circuito RPC
Television in Spanish 2300 GMT 25 May 94

[Report by Ciro Ortega from "The RPC Television News"]

[Text] An explosive attack today on Via Italia in the Punta Paitilla area of Panama City injured one person and damaged nearby property. Judicial Technical Police (PTJ) have arrested two suspects.

Unidentified individuals planted a bomb in a Jeep Cherokee, which caught fire when the device detonated. The explosion was deafening and the shock wave made nearby buildings tremble. Residents were confused and scared.

The incident took place on Via Italia in the Punta Paitilla area of Panama City around 0800 today. This footage was filmed a few minutes after the violent explosion. The driver and owner of the vehicle is Jewish Panamanian businessman Aaron Schwartz, age 39, who miraculously survived the attack but is currently in serious condition at Paitilla Hospital.

The fire department responded efficiently but the vehicle with license plate 521054 could not be saved. According to eyewitnesses, Schwartz turned the key in the ignition of his vehicle, thus activating the bomb, which exploded seconds later.

[Begin recording] [Unidentified speaker] The man came out of the building, got into his vehicle, a Cherokee, started it, and five seconds later there was an explosion. That was it.

[Ortega] Did you carry him? Was he seriously injured?

[Speaker] When he stepped out of his vehicle it was already on fire. He was asking for help and nearly falling. He asked to be taken to a hospital. I was nearby so I grabbed him and took him to Paitilla Hospital. [end recording]

This is the first time a car bomb has been used in Panama to kill someone. According to the police, this is not a technique employed by Panamanian criminals.

[Begin PTJ official Ildefonso Suira recording] PTJ laboratory personnel are currently trying to determine the type of explosive used in this vehicle. I could also tell you that we currently have two individuals under investigation. They are Colombians. They are under arrest, and we are trying to determine their link to the case. [end recording]

According to reports, Aaron Schwartz had reported received death threats after he witnessed a kidnapping attempt on 13 May at the building where he lives, Tamanaco Building, in Paitilla. Aaron Schwartz is the cousin of Colon Free Zone businessman Saul Schwartz, who was kidnapped in Panama in June 1993 by a group of unidentified individuals who asked his relatives for a huge ransom. Saul was later released.

Only four seconds passed between the time the vehicle was started and the explosion. The pavement on Via Italia clearly shows the impact of the explosion. The authorities are trying to locate the perpetrators of this incident and to determine if there are other links to the crime.

Explosive experts found shrapnel in the area, and unofficial reports indicate that a fragmentation grenade was used in the attack. The rear door of the Cherokee has not been found. It apparently flew into the air following the violent explosion.

The truth is that these kinds of attacks make the community uneasy. Aaron Schwartz remains hospitalized at the Paitilla Hospital and is in critical condition. Our team of journalists tried to locate his wife at their Tamanaco Building apartment.

[Begin recording] [Ortega] We are from RPC Television.

[Schwarz' wife] No, no, I cannot speak to anyone now.

[Ortega] We want to know about your husband's health. How is he? [end recording]

The Cherokee station wagon also suffered the effects of the shock wave. Attacks with explosives are common in Colombia. These condemnable criminal actions are now

taking place in Via Italia, Panama City. The police must take strong action against the criminals who are terrorizing society.

Endara Requests Review of Clinton Canal Proposals

PA2505180794 Panama City Circuito RPC
Television in Spanish 2300 GMT 23 May 94

[From the "RPC Television News" newscast]

[Text] President Guillermo Endara has requested a review of the U.S. proposal to make changes in the law that regulates the operation and administration of the Panama Canal. U.S. President Bill Clinton sent to the U.S. Congress a number of suggestions for changes in the law that regulates the Panama Canal. The proposal includes changing the Panama Canal Commission into a government corporation, making the requirements for the composition of its Board of Directors more flexible, and permitting the participation of international advisers in board meetings. In Panama, the president is studying the proposal.

[Begin Endara recording] I am not familiar with the details of Bill Clinton's proposal. From what I understand, President Clinton's proposal stems from a senator's proposal, which was studied by Panamanian authorities, and, in general, we agreed with it. Nevertheless, I am going to ask the five [number as heard] Panamanian members of the Panama Canal Commission's Board of Directors and the Presidential Commission on Panama Canal Affairs to undertake a study to enable the Panamanians to respond to the proposal. In general, I understand it is a good proposal. [end recording]

The changes suggested by Clinton include the review of tolls and the strengthening of the Panama Canal Commission regulations. In our country, sectors such as the Interoceanic Region Authority [ARI] agree with these changes.

[Begin ARI member Carlos Mendoza recording] The goal is to more smoothly, expeditiously, and functionally conduct the transition of the U.S.-administered Canal to a Panamanian administration, which begins on the first day of the year 2000. [end recording]

While officials evaluate the proposal, President Endara will discuss this topic with U.S. Vice President Al Gore in Honduras on 24 May.

Colombian Foreign Minister Meets President-Elect

PA2505195094 Panama City Circuito RPC
Television in Spanish 2300 GMT 23 May 94

[Statement by Boris Moreno, private secretary for Panamanian President-elect Ernesto Perez Balladares, in

Santa Fe de Bogota on 23 May; from the "RPC Television News" newscast—recorded]

[Text] President-elect Perez Balladares arrived at Eldorado Airport at 0900 today. He was accompanied on his approximately six-hour visit by his official delegation, which included future Foreign Minister Gabriel Lewis Galindo and presidential adviser Jose Luis Sosa. The president-elect was received at Eldorado Airport by Colombian Foreign Minister Noemi Sanin de Rubio and other officials.

The president-elect made a courtesy visit to EL TIEMPO newspaper, where he met with the editorial staff for 10 minutes. He then went to EL ESPECTADOR, an important Colombian newspaper, where he spent approximately 20 minutes.

At 1120, he was received by Foreign Minister Sanin at the Foreign Ministry, from which they will travel to the Presidential Palace to meet President Gaviria. They will discuss bilateral integration and a ferry service that will begin operations in October or November. The ferry will link Panama to Colombia and the rest of South America. They will also discuss drug trafficking and the struggle the two countries are waging against it.

Comptroller Calls for End of Corporations' Secrecy

PA2505000794 Panama City LA PRENSA in Spanish 24 May 94 p2a

[Report by Jose Quintero De Leon]

[Text] Comptroller General Jose Chen Barria has asked all of the country's lawyers and members of the Supreme Court of Justice to establish something that was already done in 1991—to remove secrecy protection from corporations so that offenses can no longer be committed under this system.

His proposal was prompted by the scandal involving the Homsany Group, which the National Bank of Panama [BNP] and the Comptroller General's Office accuse of stealing millions of balboas from the BNP. "We cannot let corporations' secrecy serve to commit crimes," Comptroller Chen said. He said that in this particular case, his office is using a precedent set by Panamanian law regarding corporations. It would be up to the courts to determine if it is possible to remove the cover of secrecy from corporations, he said.

Regarding meddling by the Comptroller General's Office in this case, he said the office acted according to its responsibility and the law through the Directorate for the Recovery of State Property.

In those instances, the delegated District Attorney's Office continues gathering evidence, which clearly proves a crime was committed. The Homsany Group is trying to evade justice by using the veil of corporations. "I hope the courts will do their work and that the proofs, which are categorical, will be sufficient for justice to prevail in Panama."

Chen Barria described what the Homsany Group did—using 38 companies to steal 5.6 million balboas—as detrimental to the BNP's funds, which belong to all Panamanians. In fact, 33 of these 38 companies were never in business, but their legal representatives and those who signed as loan debtors were employees earning between \$200 to \$250. "All of this shows a duly structured and planned crime," Chen Barria commented.

The companies involved in this crime are not operating, but the comptroller general revealed that the Homsany Group is running these companies under other corporations.

Roundup of Economic Developments

PA2405211894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 24 May.

Planning and Economic Policy Minister Delia Cardenas has reported that the Inter-American Development Bank has formally notified the Panamanian Government that it has complied with all requirements for the first disbursement of a \$180 million loan. The funds will be used to repair and build roads. A delegation from the Planning and Health Ministries is also in Washington negotiating a \$25 million loan from the World Bank for the health sector. (Panama City LA PRENSA in Spanish 18 May 94 p 1)

In the first four months of the year, the Panama City Construction and Projects Department issued 940 permits for 99 million balboas worth of projects, compared to 854 permits for 64 million balboas worth of projects in 1993. This amounts to a more than 34 million balboa increase in construction investments. (Panama City EL SIGLO in Spanish 22 May 94 p 6)

Argentina

President Menem Opens Constituent Assembly

PY2505231794 Buenos Aires Argentina Televisora
Color Network in Spanish 1947 GMT 25 May 94

[Address by President Carlos Menem to open the Constituent Assembly in the 3 February Theater in Parana, Entre Rios Province—live]

[Excerpt] [passage omitted] In 1973, on the occasion of announcing the three-year plan, General Juan Domingo Peron maintained that the aspirations projected for the 21st century will have to be written into a new constitution through constitutional reform.

The opportunity emerges from the political context of the current sociological and political situation and from the capability of attaining the difficult forging of a constitutional consensus. This consensus emerged in 1994. It would not have been possible to arrive at this consensus without the preceding 10 years of democracy.

This honorable Constituent Assembly is the epitome of that democracy, and it will be the point of no return between the Argentina of fundamental disagreements and the Argentina of definite agreements.

History has taught us that basic agreements are the major force behind the progress of institutions, while fundamental disagreements have led to periods of deterioration or regression.

We can affirm that a system's political stability is directly proportional to the degree of agreement reached by its political and social forces. The degree of this agreement is what we will write into this reform, and history will be implacable when judging certain achievements or errors.

This honorable assembly has been convened on the basis of a popular mandate, a popular mandate that became more and more consolidated during the past decade, and it now has been given the opportunity of changing history, of making us a participant in the most important pages of that history. The opportunity arises today and we cannot overlook it.

Messrs. Constituent Assembly members: You have been elected by the Argentine people to reform and bring up to date the law of laws in order to unfold the reform's contents. You have been elected by the people to consolidate, through an enlightened debate, a debate of ideas, the values of freedom and the instruments of democracy. You have been elected as protagonists of a time in which history is being written, a time of institutionalization, and I repeat: a most important time of institutionalization in this century.

But you have not been elected to think about present times, to remain standing in this historical time, nor have you been elected to think about this century. You have been elected to think of the future, to think of the Argentina of the 21st century, to give the state the necessary

judicial and institutional instruments with which it can thrive in the times we are living and in the times in which we will have to live.

History will judge your responsibility. If you succeed in your performance, if you can place the interests of the fatherland above and beyond any other type of motivation, and if you overcome current disagreements by placing the common welfare in the forefront, then the future will look upon you with the same pride and respect with which today we look upon the constituent members of 1853.

I do not doubt that this will be so. I do not doubt that each and every one of you have alighted on the banks of the Parana River, on this river that is a witness to heroic actions like that of the Vuelta de Obligado, and are aware of your responsibility, of the responsibility given you by 35 million Argentines.

I know that on this side of the river, you will be illuminated by the spirit of Pancho Ramirez. I know that on the other side is the remembrance of Estanislao Lopez. Due to their passion for federalism, both of these caudillos were fundamental pieces in the building of Argentina.

The people hope and confide in the revival of that patriotic spirit. They hope the democratic system will be consolidated with this reform and the balance between the powers of state will be perfected; that the organization and functioning of justice be strengthened; that the organs of control be strengthened; that the federal system be strengthened to enhance the economic development and progress of the provinces and regions; that Latin American and continental integration be favored. They hope, and they have faith, in the debate on the points that have been approved by Congress for this honorable assembly. They hope a consensus will emerge that will be the noblest of our juridical and political culture.

Messrs. Constituent Assembly members: As president of the Argentine nation and in the name of the people I represent and to whom I must respond, I wish to thank all the political parties that, above and beyond the position each of them defends regarding the reform, made possible the creation of this honorable assembly.

I wish to thank each of you for the civic courage you demonstrated when you assumed such an important historical responsibility, with the certainty that you will rise to the occasion.

If the current reform process concludes successfully, then the future development of the new institutions and the best balances of power will bury the last vestiges of our historical disagreements.

It up to this honorable assembly, it is up to you Messrs. Assembly members to provide an adequate framework for Argentina's entry into the 21st century.

Now, I can only ask, as politician and Gen. Justo Jose de Urquiza did, that the light of heaven and your love for the fatherland illuminate you. God bless you. Thank you very much. [applause]

Ambassador to U.S. Views Ties, Problems With NAFTA

*PY2505214794 Buenos Aires CLARIN in Spanish
24 May 94 p 19*

[Article by Ambassador to Washington Raul Granillo Ocampo]

[Excerpts] [passage omitted] The possibility of negotiating a free trade zone with the United States or having access to NAFTA also presents Argentina with the difficulty of harmonizing it with integration processes in which it is already a member, basically ALADI [Latin American Integration Association] and Mercosur [Common Market of the South].

The difficulties Mexico had due to Article No. 44 of the Montevideo Treaty are well known. This article obliges Mexico to extend to ALADI members the concessions negotiated within NAFTA. If Argentina negotiated a free trade agreement on its own with the United States, it also would have to request a waiver [preceding word in English] for Article No. 44 or compensate ALADI members.

In the case of Mercosur, the situation would be even more delicate if Argentina appeared alone on President Clinton's list. Notwithstanding, while the customs union is not perfect, Argentina could enter into negotiations with an eye to a free trade agreement with a country outside of its zone as long as it contains carefully written clauses of origin. If there was a common external tariff, then matters would become even more complicated.

Brazil's support would be necessary in order to successfully manage these facts. The alliance with Brazil has been and is one of the pillars of our foreign policy. On the other hand, Brazil has become our No. 1 trade partner and the main destination of our exports, especially those with greater added value. [passage omitted]

It is very probable there would be an even greater deterioration in the bilateral trade balance if there was a tariff reduction with the United States. This is born out by the fact that our levels of protection are even higher, and ours would be the larger concession in taking them to zero. In addition, a large part of the products we place on the U.S. market already have low tariffs (some at zero) or enter through the Generalized System of Preferences. If we grant a greater opening of our market to U.S. competition, the results could be very difficult to digest. This is not an argument against negotiations, but a warning regarding the drafting of a strategy: Negotiations must be very careful with respect to the time spans for the dismantling of tariffs barriers, including the safeguard mechanisms.

From the trade point of view, for the time being, Mercosur offers us better prospects given the characteristics of this market, which allows Argentina to export more products with added value. Forty percent of our exports to Mercosur countries are manufactured goods, while Argentine manufactured exports to the rest of the world amount to only 23 percent of our total exports. Only 14 percent of Argentine

exports to Mercosur are agricultural products. Seventy-five percent of Argentine exports to the United States are food, drinks, industrial materials, and raw material.

NAFTA's most important effect is that it ensures a steady inflow of foreign investments. In the case of Mexico, direct foreign investment increased spectacularly from 1991 to 1992. U.S. and European investments increased 115 percent and 303 percent, respectively, during the first months of 1992 alone in comparison with all of 1991 (countries like the UK, Japan, and Switzerland greatly contributed to this increase in investments).

An agreement like NAFTA will serve to consolidate the Argentine economic reforms of the past few years because it would open a horizon of stability and confidence in the future.

Beyond technical considerations that define the negotiations strategy, Argentine participation in a free trade agreement with the United States would, in part, be the result of the fact that Argentine domestic and foreign policies were and continue to be consistent with our moral values and national interests.

Bilateral relations developed with the United States that are based on common values and interests have allowed us to establish a more favorable framework for specific negotiations. In the same manner, the smooth relations we currently maintain with Brazil have allowed us to carry out negotiations for mutual benefit.

Within this current framework of harmony, we must continue making progress in our political and economic relations with our main partners. Beyond some difficulties in the definition of the common external zero tariff, Mercosur is a reality. It has yielded major benefits for Argentina and is still very promising. The possibility of access to NAFTA, although distant, exists and it also has a lot of potential benefits beyond the inconveniences it might bring us in the short term. Integration processes always entail some initial costs that one must be willing to pay in order to obtain future benefits. Argentina is a global trader and it must maintain relations with the whole world, without barring any option.

Although Argentina favors a free trade policy in the international field (our position in GATT has been fully consistent in this aspect), it must be recognized that despite the progress made, free trade is not a reality in the world. Even Laura D'Andrea Tyson, chairperson of President Bill Clinton's Council of Economic Advisers, has admitted it: "Let us be realistic; there is no free trade in the world." If the world is heading toward the formation of economic blocs, it will not be good for Argentina to be left out of the most important ones.

The fact of being included in the report by the U.S. trade representative is, without doubt, an acknowledgement of President Menem's economic reforms. The possibility of beginning negotiations is in President Clinton's hands. It would be unwise, however, to think this is an essential

matter for Argentina. A country's destiny is built gradually by the daily effort of all its inhabitants.

New Justicialist Party Faction Launched

PY2505210394 Buenos Aires *BUENOS AIRES HERALD* in English 25 May 94 p 11

[Text] A new branch of the Justicialist Party in the Federal Capital and Buenos Aires province was launched yesterday [24 May] by ultra-Menemists with deputy Erman Gonzalez and Restaurant Workers Union leader Luis Barrionuevo at the helm. The new faction, called Encuentro Peronista Bonaerense [Buenos Aires Peronist Movement], was the idea of some 30 Peronist political leaders and trade unionists. Barrionuevo told reporters in a press conference that the main platform for the new group would emphasize "getting back to Peronist basics such as health, education and unemployment." Later, Gonzalez said the group "will work in conjunction with the public and not via the media, which only seems to cater to other interests."

Court Upholds Former President Videla's Dismissal

PY2505194094 Buenos Aires *NOTICIAS ARGENTINAS* in Spanish 1401 GMT 24 May 94

[Excerpts] Buenos Aires, 24 May (NA)—The Criminal Court has upheld the dismissal of former de facto President Jorge Rafael Videla in a case filed by the Interior Ministry for allegedly approving a crime.

Following Interior Minister Carlos Ruckauf's instructions, Alicia Pierini, the Interior Ministry under secretary for human rights, pressed charges following remarks he made during an amity dinner with retired military officers.

The former military officer noted that "he should have been given an award for his part in the struggle against subversion." Videla described himself as "a scapegoat of that struggle." [passage omitted]

The dismissal ruling mentions that Videla confirmed making the remarks mentioned in the charges, but, according to the judges, he did not maliciously seek to have his remarks published by newspapers or retold outside the group attending the dinner.

Bolivia

Army Finds Indications of Subversive Activity

PY2505165994 Cochabamba *LOS TIEMPOS* in Spanish 18 May 94 p 1

[Text] La Paz, 17 May (*LOS TIEMPOS*)—Today in La Paz, Armed Forces Commander General Fernando Sanjines Yanez revealed that after years of investigation, Army intelligence has detected indications of the active presence of subversive groups in the Cochabamba tropical region.

This information was disclosed a few hours after Gen. Guido Tavera Leyton, commander of the 7th Army Division, said that next month, there will be an "active" presence of military units in the tropical regions of Cochabamba Department to verify the presence of subversive groups in that zone.

In La Paz, Army Commander Gen. Reynaldo Caceres Quiroga recently told *LOS TIEMPOS* that the Armed Forces are carrying out antisubversive training daily in Chapare and other parts of the national territory. He denied, however, that his command had ordered the deployment of members of the Rene Barrientos Ortuno and Capitan Victor Ustarez Regiments, which are stationed in Tolata and Colomi respectively.

Announces Anti-Guerrilla Training

PY2505214894 Cochabamba *LOS TIEMPOS* in Spanish 17 May 94 p A7

[Text] La Paz, 16 May—On 16 May, the Army General Command reported that the Armed Forces will carry out "anti-guerrilla training exercises" in the tropical areas of Cochabamba and throughout the country.

Army Commander General Reynaldo Caceres Quiroga told *LOS TIEMPOS* in La Paz that "antisubversive" logistic operations are being carried out by diverse military units in the region. They follow an "activities schedule" drafted by the Armed Forces Third Department.

Gen. Caceres said that at no time has his command ordered or instructed the 7th Army Division based in Cochabamba "to move military contingents" to Chapare, Ichoa, or Chimore to carry out an "alleged intelligence dragnet to investigate the existence of armed groups in the zone."

Caceres said remarks by Gen. Guido Tavera Leyton, commander of the 7th Army Division based in Cochabamba, were "misinterpreted" as a result of "superficial evaluations" on regular Armed Forces "antisubversive" operations.

Caceres said: "All military movements in Cochabamba's tropical region over the next few days are within the framework of routine maneuvers scheduled by regiments and military units based in the region." Caceres added, however, that Gen. Tavera Leyton's remarks in Cochabamba will be "thoroughly investigated" to definitively establish what happened to the military announcements that were released to the press last weekend.

The military chief said military activities in the zone merely seek to consolidate education, health, and basic sanitation projects in rural areas. "Those projects in no way seek to fight insurgent outbreaks in the zone. As far as the Army knows, they do not exist for there are only indications of that possibility," Caceres said.

Last weekend, the commander of the 7th Army Division based in Cochabamba told the press that Army intelligence

agents were "moved" to the Chapare region to investigate the possible presence of irregular groups linked with drug traffickers.

Tavera Leyton also announced that a report will be released in the next few hours to inform the population whether there is evidence of subversive activities in Chapare, Chimore, and Ichoa.

The military chief said that in June, the Army will organize an "active" operation of all military units in the Chapare region to receive anti-guerrilla training.

Gen. Tavera said the Rene Barrientos Ortuno Regiment, based in the Colomi settlement, and the Captain Victor Ustarez Regiment, based in Tolata, will participate in the anti-guerrilla military exercises that will be carried out as a priority in the Chimore and Ichoa area.

Tavera also ruled out the possibility of declaring Cochabamba's Chapare region a "military zone" as a result of "the growing" drug trafficking activity in this coca region.

Antinarcotics Force To Operate in Amazon Region

PY2505214394 Cochabamba LOS TIEMPOS in Spanish 15 May 94 p 1

[Text] La Paz, 14 May (LOS TIEMPOS)—Within the next 30 days, the Special Antinarcotics Force (FELCN) will broaden its area of operations into the Bolivian Amazon region to prevent illegal drug trafficking by cutting off the traffickers "supply line." Social Defense Secretary Mario Soliz Valenzuela confirmed this information today in La Paz.

Soliz reported the preparation of a "long-term project" for immediate implementation. He indicated that the new FELCN regional headquarters will probably be located in Cobija (Pando Department) and that the plan includes the participation of customs control mechanisms, police border posts, and the military units in the region.

FELCN Deputy Commander General Rogelio Vargas Ortuno reported that as a result of increased trafficking activities in some sectors of Beni and Pando Departments, a detailed study has been made on the creation of a so-called "permanent operational command" in this tropical region.

Gen. Vargas said the many FELCN intelligence reports on the dangerous growth of trafficking in the zone have received the appropriate attention of Bolivian officials. He added: "The creation of a regional FELCN headquarters is the result of that concern."

Vargas said many factors prompted national officials to create a permanent control post on the Brazilian border. He cited actions by FELCN agents a few weeks ago after settlers of the region opposed the arrest of a dozen traffickers. He said the regional command to be established in Pando will be permanent and similar to the ones in Santa Cruz, Trinidad, and Cochabamba.

The FELCN reported that the busiest drug routes in the Amazon region are the Guayaramerin-Riberalta-Serena (Rio Madre de Dios), and the Puerto Rico-Cobija (Pando) roads. The report indicates that the roads "frequently help" traffickers in the region to consolidate their illegal activity.

The report says these roads serve an area of about 600 square km. Public transportation vehicles run on them and these are widely used by traffickers. The report adds that the drugs produced in the zone come mainly from San Jaquin and San Ramon (Beni Department).

Coca Industrialization Decree To Remain Unchanged

PY2505204994 La Paz HOY in Spanish 19 May 94 p 11

[Text] Minister of Government German Quiroga has asserted that almost all the coca produced in Chapare goes for drug trafficking and does not deserve executive branch support to legalize it.

Quiroga thus dismissed any possibility that the Decree on the Industrialization of Coca will be modified. This decree bans the industrialization of coca produced in Chapare, Cochabamba.

The minister asserted: "It seems some coca producers want to legalize it, but the government is not planning to do so because everyone in Bolivia knows that 80 or 90 percent of the coca produced in Chapare is surplus to requirements." He said the surplus production is earmarked exclusively for drug trafficking. To think of legalizing it would mean "legalizing the raw material for the production of drugs." Quiroga said there is no chance of this happening because it would go against the drug enforcement policy.

He explained that the controversial supreme decree and its regulations on the industrialization of coca complies with current Bolivian laws and international agreements. As such, the criticisms it has prompted are unjustified.

Quiroga believes "there is good coca and bad coca in Bolivia. The good coca deserve the support of all organizations for its industrialization so that it may be marketed properly." He added: "The bad coca does not deserve any support because it is earmarked for drug trafficking."

He said government authorities believe some leaders want the bad or surplus coca production to circulate freely in the country. This is not possible because by allowing this the government would be promoting drug trafficking. Quiroga concluded: "If the government yields to pressure seeking to legalize coca from areas that produce surplus production, it would be violating measures like Law No. 1008 and some international agreements. This is not possible and will not happen."

Coca Eradication Program To Continue

PY2605003194 Santa Cruz EL MUNDO in Spanish 20 May 94 p 3

[Text] La Paz, 19 May (ANF)—It was officially announced that the government has decided to continue the plan to eradicate 3,000 hectares of coca this year and thus receive \$20 million in assistance from the United States.

National Social Defense Mario Solz said: "Bolivia urgently needs that financial aid to compensate for its balance of payments. The government wants to attain its goals without implementing forceful programs, but by convincing each coca plantation owner," the government official said.

According to official eradication figures, between January 1993 and April 1994, just 2,500 hectares of coca plantations and 18,000 square meters of coca nurseries were destroyed.

Despite the extraordinary U.S. concession, Bolivia was unable to fulfill its goal of eradicating 5,000 hectares of coca and 20,000 square meters of nurseries by last March. For this reason, the \$20 million disbursement was suspended by the United States.

The executive branch and the Bolivian ambassador to Washington have obtained an extension so as not to lose aid which is "important for the 1994 balance of payments."

Meanwhile, the Alternative Development Under Secretariat has reported that it continues its program of paying \$2,000 for each hectare of eradicated coca crops. In turn, the five federations of coca producers have declared "a state of emergency and mobilizations in face of an imminent militarization of the Chapare region," even though the government and the Armed Forces have denied this.

Criminal Proceedings To Begin in Arms Trafficking Case

PY2505161794 Cochabamba LOS TIEMPOS in Spanish 18 May 94 p 1

[Excerpt] La Paz, 17 May (LOS TIEMPOS)—According to the conclusions reached by the Military Justice Court, the arms trafficking "affair" carried out in the name of Bolivia from 1991 to 1992 in Europe and Asia involved an estimated \$59 million and a considerable number of companies and countries linked to illegal global arms trafficking.

Defense Minister Raul Tovar Pierola disclosed this information on 17 May at the conclusion of the ceremony honoring the 180th anniversary of the creation of the Argentine Navy, which was held at the Bolivian Military Naval School.

Minister Tovar also announced that the conclusions of the summary proceedings delivered by the Military Justice Court, which are to be submitted to authorities this week, will lead to the "opening of criminal proceedings against

approximately 70 people, among them civilians and military personnel, who are involved in this case" for trial in the regular courts.

Tovar said: "They will all go to the regular courts because those involved in the crimes can only be labeled common criminals, as they have seriously harmed the nation." He did not, however, reveal the names of the people to be accused of criminal acts before the regular courts.

He said the number of people involved in the "affair" is large, but refused to give their names. He admitted, however, that there are more foreigners than nationals involved in this case.

He added: "Many Bolivians took advantage of the circumstances, and there is evidence that some institutions were negligent in the fulfillment of their functions and duties." [passage omitted]

Brazil

PMDB Leaders Oppose Own Candidate's Proposal

PY2605013894 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 May 94 Section 1 p 9

[Article by Lucio Vaz in Brasilia]

[Text] Congressional leaders in the Brazilian Democratic Movement Party [PMDB] have not accepted PMDB presidential candidate Orestes Quercia's proposal to break with Itamar Franco's government. Quercia contends that if the PMDB does not withdraw its support for the government, it will ultimately help approve and consolidate the current economic plan that, in his opinion, is being used as an electoral tool by Brazilian Social Democracy Party presidential candidate Fernando Henrique Cardoso.

The PMDB leaders want to maintain their support for the government and its plan. This division within the party will be another stumbling block in Quercia's candidacy. He is already facing the PMDB branches' opposition in the states of Rio Grande do Sul and Parana and a lack of mobilization in several other states.

Deputy Tarcisio Delgado (Minas Gerais State), PMDB leader in the Chamber of Deputies, supports Quercia's candidacy. He is, however, in favor of maintaining PMDB support for the government. He said: "We are going to maintain our proposal of lending the government our support, but without relinquishing our right to criticize."

Senator Mauro Benevides (Ceara State), PMDB leader in the Senate, who also supports Quercia, said the party "is committed to promoting governability. If the PMDB just pulled out of the government, it could hurt several projects of national interest."

During the convention that approved his nomination, Quercia characterized Franco's government as "small and low." Quercia himself admitted that it would not be easy

to break away from the government. In addition to having three ministers serving in Franco's cabinet—Sinval Guazzelli (agriculture), Aluizio Alves (regional integration), and Murilio Hingel (education)—the PMDB has many other members holding offices in the federal government.

PMDB National President Luiz Henrique told FOLHA he is not going to convene the PMDB Political Council (which consists of 54 members) to discuss the matter even if someone formally proposes the PMDB withdraw from the government.

The 22 May convention showed that Quercia has problems in several states. He obtained only 27 votes of the total of 86 delegates representing Minas Gerais State. Quercia only obtained two votes of the total of 54 delegates to which the states of Rio Grande do Sul and Parana are entitled.

Presidential Candidate Quercia's 'Considerable Difficulties' Viewed

PY2605033694 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 May 94 Section 1 p 2

[Editorial: "Quercia"]

[Text] After the "soap opera" involving former President Jose Sarney's candidacy, the Brazilian Democratic Movement Party [PMDB] nominated former Sao Paulo Governor Orestes Quercia as its candidate for Planalto Palace during the party's national convention, which was held last weekend.

This candidacy faces considerable difficulties. Quercia's image as a politician and administrator, which has been surrounded by doubts and suspicions for a long time, is now exposed to a still more serious threat resulting from the fraud charges filed against him by the Federal Prosecutor's Office. As if this were not enough, the Superior Court may decide to uphold the charges right in the middle of a campaign in which there will be more concern about ethics and honesty than before.

Quercia is also facing problems inside his own party. Despite his power over the PMDB machinery, there is serious resistance to his candidacy in several states. The large number of abstentions during the voting in the party primaries and the party convention indicate that Quercia can hardly count on the party's overall support. In addition, the fact that the PMDB is still the largest Brazilian party will no longer be important if its members are not effectively devoted to ensuring the candidate's victory in the elections.

The Democratic Social Party members' lack of interest in Cristiano Machado's electoral campaign in 1950, when most of the party decided to support Getulio Vargas' candidacy, gave birth to the term "Christianize." Ulysses Guimaraes' defeat as a presidential candidate in 1989, when he was abandoned by the PMDB during his presidential campaign, is the most prominent example of similar behavior in recent years.

Quercia, however, is entitled to comparatively long, free electoral propaganda time on radio and television. Many believe he will use this time to involve the campaign in such an exchange of accusations that he will neutralize suspicions hanging over his head. An old-fashioned politician who is personal and addicted to the most traditional sort of political patronage, he has already started the campaign with a populist and aggressive attack against his adversaries. All that remains to be seen is whether this will be enough to reverse his weak performance in the electoral polls.

Numbers Game Documents Apparently Forged

PY2605030394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 May 94 Section 1 p 1

[Article by Janio de Freitas]

[Text] The first technical test has not confirmed the authenticity of the typewritten sheets of paper that Rio de Janeiro Prosecutor General Antonio Carlos Biscaia presented as the numbers game kingpins' accounting sheets.

The test conducted by the Del Picchia Institute of Sao Paulo indicated that the sheets had not been prepared one month after the other, as monthly accounting sheets would have been expected to be. The test indicated that they had been prepared recently.

Biscaia did not allow an official test to be conducted. He used the documents as evidence in charges that involved bribery with money resulting from the illegal game, drug trafficking, and arms smuggling. Appellate Court Judge Gama Malcher ordered that the documents be tested again.

Rio Traffickers Barter Drugs for Army Uniforms

PY2505183494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 May 94 p 3

[Editorial from the "Notes and Information" page: "The New Target of Traffickers"]

[Text] There is a new color in the uniforms of Rio de Janeiro drug traffickers: olive green. Although the information has not yet been confirmed, the precise details that have been supplied do not allow for many doubts. For months in Santa Cruz, the Conjunto Antares drug traffickers' boss has dressed his men in Army uniforms! Two members of the gang led by the trafficker, who "works" under the curious alias of *Soldier*, were arrested by the Drug Control Precinct (DRE), and revealed that the uniforms are obtained from recruits serving in Western Zone barracks. *Soldier* does not buy them; he barter them for drugs. The recruits are not only addicts. According to a former drug spot manager—an important post in the drug trafficking hierarchy—they receive "a larger amount of drugs" for each stolen uniform in order to open a market in a privileged sector: the barracks!

This information is serious, but not because it deals with a bold attack against the Army. After all, how long have newspapers been reporting successive arms robberies from Army barracks? This has happened not only in Rio de Janeiro and—to tell the truth—not only in the Army, because the Navy and the Air Force have also been victims of that crime. It would be enough to know the caliber of the arms that the police have seized from drug traffickers' arsenals to identify the link between the broad availability of heavy weapons, which are for military use only, and drug trafficking. The problem consists in the new step forward: the possession of uniforms.

The fact that drug traffickers steal uniforms used by Brazilians who are serving in the national Army has obvious significance. It is, as such, so serious that no additional observation is necessary. Aside from the worrisome implications of traffickers dressed in uniform, what is the objective of bartering military uniforms for drugs? To have an "assortment" that can open any door? Or, in the next fight with the PM [Military Police] or the Civil Police, make traffickers appear as Army members, creating an institutional crisis?

Those who hurriedly proclaim that "the Army on the streets" is the only solution for the state of calamity in Rio de Janeiro should reflect a bit on why traffickers want military uniforms. The Conjunto Antares soldiers have confirmed the possibility for drug trafficking to enter the barracks. This is why it is necessary to pay attention to one fact: The longer the Army remains in direct contact—through repression—with the world of drugs, the longer Army soldiers—the true soldiers—will be exposed to a dangerous coexistence. Those who always imagine that the worst will happen should carefully reflect on the robbery of uniforms. The vulnerability of the forces of law might be at stake. That is why it is important to find out, as soon as possible, the reason why drug trafficking has chosen this target.

Those who imagine that the price of cocaine is the main antidote against troop contamination should recall the September poll results by the Rio de Janeiro State Drug Control Council. According to this poll, 28 percent of the addicts who tried to obtain some help to end their addiction earn a minimum salary, while 56 percent of cocaine consumers live in the northern Rio de Janeiro zone! The poll's conclusion deserves attention: Drugs have reached sectors that do not have enough money to buy meat.

Drug traffickers have an organization that observes methods and adopts efficiency techniques. In July in the Tijuca forest, Drug Control Precinct agents clashed with drug traffickers in a battle in which the latter used authentic guerrilla warfare methods. In the Roquete Pinto ghetto, the troops that protected the area after shots were fired on a recruit of the Ramos 1st Infantry Battalion found a surprising copy of their methods. For the time being, stolen uniforms are only a "passport" to a concentrated, well located market. They hint, however, at another type of use that is hard to identify by using common sense.

Yet common sense advises that if the worst is to be avoided, the Army should keep away from drug trafficking.

U.S., French Firms Win Sivam Project Bid

PY2605022994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 May 94 p A6

[From the "O ESTADO Column" by Cristiana Lobo]

[Text] On 24 May, Strategic Affairs Secretary Mario Cesar Flores informed President Itamar Franco of the result of an international bid for the implementation of Sivam, the Amazon Region Surveillance System. This has been the largest bid ever held in Brazil, with companies from 10 countries participating. The project costs amount to \$1.1 billion and will be implemented over eight years.

The winners of the tender are a U.S. consortium led by Raytheon and a French consortium led by the state-owned Thomson and Alcatel companies. A German consortium led by Dasa was selected as "an alternate." The loser was a consortium formed by Unisys and IBM, the two largest U.S. computer companies.

FIESP Businessmen Concerned About Trade With U.S.

PY2505145294 Sao Paulo AGENCIA ESTADO in Portuguese 2321 GMT 24 May 94

[By Isabel Dias de Aguiar]

[Text] Sao Paulo, 24 May (AE)—The position of Brazilian exports on the international market is vulnerable. Brazil is running the risk of being considered a country that indulges in social dumping, and one that could suffer retaliatory actions for not having legislation to regulate industrial property in a way that is acceptable to developed countries. Furthermore, with the creation of the North American Free Trade Agreement (NAFTA)—an agreement that includes Canada, Mexico, and the United States—Brazilian products are facing the risk of not being able to reach the U.S. market at competitive prices. The U.S. market accounts for nearly half of all manufactured products exported by Sao Paulo State. Carlos Eduardo Moreira Ferreira, president of the Sao Paulo State Federation of Industries (FIESP), has conveyed these concerns to U.S. Treasury Under Secretary Lawrence Summers.

Summers visited FIESP to hear suggestions for the agenda of the Summit of the Americas to be held in Miami in December. Yet instead of making proposals for the meeting on ways to restore the flow of capital and credit toward Latin American countries, Summers was asked to discuss issues concerning Brazil and the United States as trade partners. Ferreira argued that Brazilian industry cannot be charged with practicing social dumping because it has to bear a heavy social burden amounting to 110 percent of its salary payments.

Boris Tabacof, director of the FIESP Economic Department, said Ferreira's concern reflects the prevailing mood among Brazilian businessmen. Tabacof added that U.S. President Bill Clinton's efforts to defend U.S. industrial interests should make the Brazilian Government remain alert. He believes international competition will become tougher in the next few years. The Americans are inclined to be selective and protectionist. The advent of NAFTA has made things worse for Brazilian exporters. Mexico competes with Brazil as a supplier of major items such as steel, orange juice, auto parts, vehicles, and sugar. According to Ferreira, Brazil runs the risk of suffering unfair competition, particularly if the NAFTA rules concerning the origin of products are not respected.

At a luncheon attended by nearly 50 businessmen, Summers said he is optimistic about the outcome of the Brazilian economic stabilization plan. He said the U.S. Government is determined to contribute to making the plan a success through financial help and through incentives for investing in the country.

Chile

PDC Denies U.S. 'Pressure' To Impede Renewed Cuban Ties

PY2505161594 Madrid EFE in Spanish 1545 GMT
23 May 94

[Excerpt] Santiago, 23 May (EFE)—Gutenberg Martinez, president of the Chilean Christian Democratic Party [PDC], today denied alleged U.S. pressure on Chile to prevent the imminent resumption of diplomatic relations with Cuba. The leader of the main governing party emphatically stated that "we have felt no pressure, and if they were to exert any we would flatly reject it because we are not going to tolerate any form of pressure from anyone, either in favor or against it."

In June Martinez will head a PDC delegation to Cuba with the purpose of personally learning about the current situation in Cuba.

Asked about the problems preventing the full restoration of diplomatic ties, Martinez answered: "We cannot continue to live in the past, either at a national or international level." Among these obstacles is the support granted by Cuba to Chilean armed groups that struggled against the Chilean military regime, especially the massive and illegal introduction of weapons into Chile in 1986. Martinez also stated that the current situation in Cuba is far from what it was a decade ago and important progress can be seen on the island. He commented: "During our visit we will see what changes have taken place." After the visit, the delegation will give the PDC leadership a report on its findings so that the latter may then give the government its opinion. [passage omitted]

Government Says U.S. Military Action in Haiti 'Inappropriate'

PY2505170294 Santiago EL MERCURIO in
Spanish 14 May 94 p C6

[Text] Yesterday, Foreign Under Secretary Jose Miguel Insulza stated that Chile believes resorting to military action to restore democracy in Haiti would be inappropriate. Yesterday, Insulza discussed the situation on the Caribbean island with U.S. Ambassador Curtis Kamman, whom he summoned to disclose the Chilean stance regarding this subject of continental interest. Referring to the meeting, Insulza said: "I think everyone (the countries) is aware that military action would be inappropriate."

President Bill Clinton has mentioned the possibility of direct action to restore democracy in Haiti. Moreover, Insulza stated that Chile regards the appointment of a president in Port-au-Prince other than Jean-Bertrand Aristide as unacceptable.

Insulza explained that an agreement was reached with the U.S. ambassador to channel any actions referring to the situation in Haiti through multilateral organizations such as the OAS and the United Nations.

Insulza voiced support for the blockade against Haiti, noting that it entails neither food nor medicines. He added: "For many years this is all the people of Haiti have had access to."

Insulza also disclosed that the Chilean ambassador to Haiti, Luis Larrain, is currently in Santiago for consultations, but that he will soon return to Port-au-Prince.

Figueroa To Begin Negotiations for Mercosur 'Partnership'

PY2505184594 Madrid EFE in Spanish 2132 GMT
24 May 94

[Text] Santiago, 24 May (EFE)—Chilean Foreign Minister Carlos Figueroa will travel to Buenos Aires on 8 June to start negotiating a commercial partnership between Chile and the Common Market of the South, Mercosur.

During a news conference, Figueroa said that "during this phase, we are going to propose establishing a partnership with Mercosur that will allow us to make gradual progress, first within the framework of a broad agreement that will entail not only commercial variables, but also investments and services."

Figueroa explained that this does not mean joining Mercosur, and reiterated that Chile cannot become a member of the mentioned bloc because, among other reasons, Chilean customs tariffs are much lower than those of Mercosur, which is composed of Argentina, Brazil, Uruguay, and Paraguay.

Figueroa added that Chile's interest in establishing some sort of partnership with Mercosur is partly due to the

importance Chile grants Brazil and Argentina, its third and fourth largest commercial partners respectively, after the United States and Japan.

The minister asserted that within this context, it is necessary to perfect an agreement that will preserve the tariff advantages Chile currently enjoys with those two countries.

Figueroa explained that in Buenos Aires, he hopes to start negotiations with his Argentine counterpart Guido Di Tella and also with the rest of the Mercosur member countries. The idea is to explore a form of partnership that will be advantageous for all. He added that President Eduardo Frei's government has made a political decision "and we have all received precise instructions to start working on it."

Figueroa said Chile took this path after Brazil proposed creating a hemispheric free trade organization and receiving a similar invitation from Argentine Economy Minister Domingo Cavallo during his recent visit to Santiago. These proposals have opened a space for us to start working on a sort of partnership with Mercosur, said Minister Figueroa. He reiterated that Chile is all for bilateral and multilateral agreements as long as they contribute to opening trade and new markets and "not locking us into exchange inefficiency."

Pinochet Leaves for Czech Republic, Slovakia, Russia

PY2605025594 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 26 May 94

[Text] Today, General Augusto Pinochet began his second trip abroad this year. He now has been invited by the Czech Republic. Army Deputy Commander Gen. Jorge Lucar and relatives saw Pinochet off at the airport. Pinochet did not speak to journalists.

The Army commander in chief is travelling with his wife and an entourage that includes Director of Logistics Brigadier Gen. Carlos Krumm Rojas and the Director of Army Ordnance Brig. Gen. Luis Iracabal Lobo.

It has been learned that during the 10-day trip, Pinochet also will visit Slovakia and Russia; he also may visit Switzerland and England.

Colombia

Judicial Leaders Draft Note on Executive 'Meddling'

PA2605013594 Santa Fe de Bogota Inrvasion Television Cadena 1 in Spanish 0000 GMT 26 May 94

[Report by Darcey Quinn from the "24 Horas" newscast]

[Text] Judicial branch leaders expressed their solidarity with the Constitutional Court on 25 May. Prosecutor General Gustavo de Greiff, Supreme Court President Ricardo Calvete, State Council President Amado Gutierrez, and High Council of the Judiciary President Jose Alejandro Bonivento met for a luncheon that lasted more than five hours at the apartment of Constitutional Court President Jorge Arango Mejia.

[Begin recording] [Gutierrez, in progress] ...the court presidents and the nation's prosecutor general. We discussed a statement that will probably be issued on the afternoon of 26 May.

[Reporter] Against President Gaviria?

[Gutierrez] No, no, no. A statement simply reaffirming constitutional principles. [end recording]

We learned, however, that the purpose of this inopportune meeting was to draft a communique in which the entire judicial branch protests the meddling of President Gaviria and the executive branch in the judicial branch's rulings.

[Begin recording] [Reporter] Do you think the government is meddling too much in judicial branch affairs?

[Gutierrez] No, I cannot tell you anything, because that is what the statement will deal with, and the statement will be issued on 26 May. [end recording]

Ecuador

Explosion Leaves Large Area of Quito Without Water

PA2505201194 Madrid EFE in Spanish 1925 GMT 25 May 94

[Text] Quito, 25 May (EFE)—A large area of Quito was left without drinking water when two charges of dynamite exploded in the city's main water processing plant early yesterday. Today, the police continue defusing explosives in the installation, Patricio Ribadeneira, manager of the Municipal Drinking Water Enterprise (EMAP), stated.

The explosives destroyed the energy tower that allows the plant to function. No group has claimed responsibility for the attack, which "regrettably means the suspension of drinking water service in a large area of the city for several days," the manager noted. "The police are also helping workers of EMAP and the electricity enterprise handle the problem because some charges have not exploded and constitute an imminent danger, Ribadeneira added.

Paraguay

Romanian Prime Minister Interviewed

PY2405191294 Asuncion ABC COLOR in Spanish 22 May 94 p 8

[Interview with Romanian Prime Minister Nicolae Vacaroiu by unidentified reporter in Asuncion; date not given]

[Excerpts] [ABC COLOR] We do not know much about Romania. We only know about Dracula and (former dictator Nicolae) Ceaucescu.

[Vicarioiu] Dracula, Ceaucescu, (gymnast) Nadia Comaneci, and (tennis player) Ilie Nastase.

[ABC COLOR] Of course, there are other well-known names.

[Vicarioiu] It is true, little is known about Romania. It is understandable because of the great distance separating us. Before 1989, Romania was a totalitarian state ruled by Ceaucescu.

[ABC COLOR] We have heard there are a lot of similarities between the Romanian and Paraguayan processes, particularly because of their dictatorships, which are now being followed by transition processes...

[Vicarioiu] We have things in common. Both processes began in 1989. Both countries have encountered many difficulties in their reform processes. We also suffered a lack of capital, inflation, the privatization process, social costs... [passage omitted]

[ABC COLOR] How was Romania's democratization process carried out? Who participated in it?

[Vicarioiu] The main protagonists were those involved in the events. They organized a sort of provisional government. A strategy was drawn up immediately after the revolution for the radical transformation of Romania based on democratic values.

[ABC COLOR] What did that strategy involve?

[Vicarioiu] We drafted a new Constitution using the technical assistance of experts from the most democratic countries in the world. Then we worked out specific legislation on market economy and began a process to eliminate all state intervention in productive activities. We also distributed land among the peasants.

[ABC COLOR] What happened with Ceaucescu's former government officials? The fall of the dictator must have looked like a ray of sunlight in an area of eternal darkness.

[Vicarioiu] Some went their own way during the privatization process, others retired with pensions, while some others are participating in the construction of democracy because the people were not responsible for what happened.

[ABC COLOR] What do you mean by that?

[Vicarioiu] In Romania, by contrast to what happened in countries around it, the Communist Party was more like a labor union. It had more than 4 million members who paid money in exchange for a secure job. [passage omitted]

[ABC COLOR] How does the reform process affect the population?

[Vicarioiu] The reform had a very high social cost, just like in any country going through a transition process. We have a comprehensive program to reorganize and privatize the Romanian economy. We have already finished the privatization of agriculture. The privatization of industry is ongoing.

[ABC COLOR] How many companies have been privatized?

[Vicarioiu] To give you an idea, during the process we created some 380,000 companies with private capital. Of these, some 70,000 companies are based on foreign capital. So far we have privatized hundreds of state-owned companies.

[ABC COLOR] Were the privatizations traumatic?

[Vicarioiu] We experienced a very difficult economic crisis. When my government took over in November 1992, Romanian industry was operating at 50 percent capacity. We introduced a series of financial and monetary measures and started privatizing. The decline stopped. In 1993, growth resumed. Agriculture has grown 12.4 percent. We have launched a complex price, trade, and foreign exchange liberalization process.

[ABC COLOR] How did the population react?

[Vicarioiu] We have very strong unions, perhaps the strongest in Europe. Union members agree with the reform process, in principle. But they also organize street demonstrations, strikes...

[ABC COLOR] Union members organized a strike here this month, demanding "no to privatizations..."

[Vicarioiu] That is not the Romanian workers' position. Unions are in favor of privatizations, but they naturally want higher salaries, lower prices, more jobs...

[ABC COLOR] Are salaries freely negotiated? Do you have a minimum salary?

[Vicarioiu] Salaries are freely negotiated between managers and union leaders according to the financial possibilities of companies. Our unions are not violent. We are in constant discussion...

[ABC COLOR] What is your strategy to attract foreign capital?

[Vicarioiu] Romania has aggressive new policies. One of the essential conditions to overcome the crisis is to develop bilateral relations with every nations in the world.

[ABC COLOR] Has the new democratic government spent more on foreign relations, defense, interior affairs, or education?

[Vicarioiu] According to the budget, the state is only responsible for financing infrastructure works, such as highways, telecommunications, railways, ports, free trade zones...

[ABC COLOR] How interesting is Paraguay for Romania?

[Vicaroiu] We are very interested in Paraguay and Latin America. We are of Latin origin. We have things in common: the language, civilization, traditions. We have complementary economies and common economic potentials.

[ABC COLOR] In what are you specifically interested?

[Vicaroiu] Traditional products like cotton, soybeans, ferrous minerals, and beef.

[ABC COLOR] What can Romania offer Paraguay?

[Vicaroiu] A great variety of industrial products like planes, helicopters, ships, machines, and tools. We can also offer textile, chemical, and fertilizer factories, and different types of furniture, oil refineries...

[ABC COLOR] It is known that Paraguayan products end up in former Communist countries, but deals are always made through countries like Brazil.

[Vicaroiu] That will change. We can build a good furniture factory here. We are the best in the world. Why can we not install an urea factory in this country? We can make things easier for businessmen.

[ABC COLOR] How does Romania compare with its competitors in the manufacture of machines, tractors?

[Vicaroiu] We are exporting to the United States.

[ABC COLOR] Are Romanians interested in investing in Paraguay?

[Vicaroiu] I am accompanied by more than 40 businessmen. We have already signed some contracts. Each one must make a profit...

[ABC COLOR] Can you balance your visit?

[Vicaroiu] Well, first, President Ion Iliescu has officially invited President Juan Carlos Wasmosy to visit Romania. Meanwhile, we expect businessmen to negotiate new investments. We also expect to receive Paraguayan congressmen and businessmen.

Uruguayan Foreign Minister Arrives

PY2405205594 Asuncion ULTIMA HORA in Spanish 24 May 94 p 9

[Text] Uruguay's Foreign Minister Sergio Abreu Bonilla has said Uruguay does not support delaying the implementation of Mercosur [Common Market of the South]. He added that we must respect all legal instruments, such as the Asuncion Treaty, which established 1 January 1995 as the Mercosur launch date.

Abreu arrived in Asuncion this morning. He was received by his Paraguayan counterpart Luis Maria Ramirez Boettner.

Talking about his 3-day official visit, Abreu said he will discuss the common foreign tariff and other bilateral and regional issues with Paraguayan officials. He will also invite President Juan Carlos Wasmosy to the inauguration of the Martin Garcia Channel dredging, in Montevideo, on 10 June. Argentine President Carlos Menem is also scheduled to attend.

Tomorrow, Foreign Minister Abreu will sign various agreements and a joint declaration at the Foreign Ministry.

At 1600 this afternoon, the Uruguayan official will meet with President Wasmosy at the Government Palace. He will then continue his working meeting with Foreign Minister Ramirez Boettner.

On the morning of 25 May, Abreu will donate a computer to the Artigas School. At 1030, he will give a lecture at the Paraguayan Industrial Union (UIP) on the topic: "The Uruguay Round; The Results and Its Relation Within the Global Picture." Abreu will return to Uruguay at noon on 26 May.

'Remarkable' Cocaine Trafficking Increase Reported

PY2405210694 Asuncion ABC COLOR in Spanish 24 May 94 p 85

[Text] Police Superintendent Juan Angel Aguero, chief of the Narcotics Department of the National Police, has warned that cocaine trafficking has grown by remarkable proportions in our country. He added that this information is based on the latest seizures of the valuable yet illegal merchandise in our country.

Aguero said: "There is a noticeable increase that is easy to detect in the latest drug seizures," adding that cocaine trafficking in Paraguay has grown considerably.

Aguero noted that drug seizures were smaller than the latest seizures, especially those made so far this year. Aguero added: "The trade is growing and cocaine trafficking is flourishing. We have no information on a group of cocaine addicts in Paraguay, but we know we are on the drug route. Trafficking has grown in Paraguay."

Aguero said the National Narcotics Directorate (Dinar) and the Narcotics Department of the National Police's work has been successful. "Dinar has in a few weeks confiscated more cocaine than the total confiscated in an entire year," Aguero said to prove his remarks.

According to National Antinarcotics Secretariat (Senad) information, 34,200 grams of high-purity cocaine from the Bolivian cartel of Santa Cruz de la Sierra was seized in April and May. Normally, cocaine seizures amount to only a few kilos per year, Senad sources said.

Aguero said mobile laboratories for producing cocaine have not yet been detected in our country. "There were reports that a border 'mini-cartel' had a cocaine-producing laboratory in the Chaco or in the town of Pedro Juan

Caballero, but so far we have been unable to confirm anything but drug trafficking."

The police official said the cocaine issue could be serious, considering the ratio accepted worldwide between the quantity of drugs seized and the volume that reaches its illegal market. "If we consider the accepted worldwide ratio, it may become a concern. Only 20 percent is being confiscated, while 80 percent reaches its destination. It is difficult to seize more," he said. "This means that if 50 kg are seized, it represents only 20 percent of the entire shipment. Traffickers are getting most of their shipments to their destinations," the police official said.

Aguero added that recent cocaine seizures prove "there is an excess of narcotics. We must optimize our work, uniting security organization forces in the drug enforcement effort."

Cocaine, Weapons, Counterfeit Dollars Seized in Raid

PY2605014094 Asuncion NOTICIAS in Spanish 25 May 94 p 53

[Text] At about 1700 yesterday, Dinar [National Narcotics Directorate] Intelligence Department agents, headed by Dinar Director Inspector Publio Fretes, retired, and legally supported by Judge Angel Barchini, raided a house at 1937 Mariscal Lopez Avenue near President Juan Carlos Wasmosy's residence.

The antinarcotics agents thoroughly checked the house with the assistance of super dog "Flynn." The dog went to a desk in the living room and found three packages containing white powder. A "narcotest" confirmed that the powder was cocaine hydrochloride (pure cocaine). The packages weighed 3 kg. The agents continued checking the house and discovered two .22-caliber rifles, one with a telescopic sight; one 7.65-caliber pistol; and one .38-caliber revolver. They also discovered \$3,500 in allegedly counterfeit bills.

The occupant, identified as Roque Maximo Villalba Acevedo, 31, a married Paraguayan citizen, and his uncle, Wellington Acevedo, also a married Paraguayan citizen, were immediately detained. Judge Barchini ordered the detention of the two alleged traffickers who were taken to the Dinar headquarters where they are being held incommunicado.

The detainees were talking with two Automotor company employees who reportedly went to the house to collect installments on seven Hyundai cars that the traffickers reportedly purchased about one month ago. The employees were released as the judge believe they are not involved in the affair whatsoever.

The cache, worth almost 100 million guaranies, was allegedly shipped by the Santa Cruz Cartel and was allegedly to be marketed in our country by the detainees. This raid was not easy for the Dinar agents due to the strategic location of the "traffickers" house.

A second raid, also linked to this case, was carried out at a building near the intersection of 3 de Noviembre Street and Eusebio Ayala Avenue, specifically at the "Villalba Avalos Real Estate Company." Maximo Wenceslao Villalba Fernandez, 37, the office manager, was interrogated. The office was allegedly being used by the "traffickers" for their commercial operations. Not a trace of drugs was discovered in the office.

To crown the Dinar-legal raid, a lady, allegedly the mother of other stock holders of the company, entered the office and began a heated argument with another relative over the situation.

Peru

Camet on IMF Letter of Intent, Salary Increase

PY2505123894 Lima Global de Television Network in Spanish 0130 GMT 24 May 94

[Text] Today, Economy Minister Jorge Camet reported that the salaries of public servants will increase by the second half of 1994. He also announced that the letter of intent with the IMF, which will be signed in the next few days, will not be amended. He made this announcement at the end of a meeting of the CCD [Democratic Constituent Congress] Economy and Budget Committee.

Economy Minister Camet attended the CCD Economy and Budget Committee meeting with Central Reserve Bank President German Suarez. During the meeting, Camet briefed the congressional committee on the letter of intent that will be signed with the IMF.

[Begin recording] [Camet] I think it will be signed in the next eight days because although legislators have made some proposals, no one has proposed any major changes. [passage indistinct] No one has proposed any major changes.

[First unidentified reporter] No one has proposed any amendments?

[Second unidentified reporter] Will some issues contained in the letter of intent agreed upon with the IMF be politicized?

[Camet] Well, [name indistinct] has requested the elimination of some taxes. We will obviously not do this with the funds obtained from the privatization process, as these are assets that could be sold only once, and we must invest this in production.

[Third unidentified reporter] [words indistinct] any reform for the time being?

[Camet] No basic amendment. We have heard important comments, but none of them compel us to adopt any major changes.

[Second reporter] Teachers are staging a strike to demand better salaries. Will there be another salary increase?

[Camet] A salary increase is feasible for the second half of the year, depending on the tax revenue we collect, which I hope will be positive, as I have already mentioned. Teachers and health workers have nevertheless received major salary increases, much higher than [words indistinct]. [end recording]

Huallaga Command Reports 30 SL Members Arrested

*PY2605033494 Madrid EFE in Spanish 0045 GMT
26 May 94*

[Text] Lima, 25 May (EFE)—In a communique issued today in Lima, the Huallaga Military Command reports that a total of 30 Shining Path (SL) members were arrested by Army patrols in the Huallaga jungle area.

The communique adds that the "narcoterrorist criminals," as they are described in the official report, were arrested during military operations in the Huallaga region encompassing San Martin and Huanuco Departments. The communique, however, does not specify the dates the arrests were made.

The communique also reports that on 24 May, an Army patrol seized guns, explosives, ammunition, medicine, and propaganda material from a terrorist group in Leoncio Prado Province's Arab district, in Huanuco Department.

Peruvian security forces have been conducting an antiterrorist military operation in Leoncio Prado since 5 April against SL columns, which have been disrupted.

According to previous official communiqués, military patrols killed 15 SL members and arrested another 11 in Leoncio Prado and Pachitea between 20 and 23 May.

Moreover, today, Daniel Espichan, special prosecutor for terrorist crimes, reported that a total of 4,138 terrorists have resorted to the repentance law so far. Those terrorists who use this law or cooperate with security forces have their sentences reduced. Espichan added that this figure does not include those who surrendered in the Huallaga region, whose number was not specified. In a statement to the press, Espichan added that 4,800 people are imprisoned in several national jails on charges of perpetrating terrorist crimes.

Uruguay

Army Chief Praises Armed Forces Restructuralization

PY2405163094 Montevideo EL OBSERVADOR ECONOMICO in Spanish 19 May 94 p 5

[Text] Army Commander in Chief Lieutenant General Daniel Garcia has praised the restructuralization of the Armed Forces ordered by the executive branch. He said the changes will improve the Armed Forces' performance, thus helping to "guarantee the security of the democratic institutions."

Garcia gave a speech yesterday morning during a ceremony to commemorate Army Day. The ceremony took place in the Army square and was attended by President Luis Alberto Lacalle and the cabinet.

The anniversary of the battle of Las Piedras was commemorated during a ceremony that took place during the afternoon in the town of Las Piedras, and which was also attended by President Lacalle. Mayor Jose Andujar gave a speech in which he defended the amendment of the Constitution through a plebiscite that will be held in November.

During the ceremony in the Army square, Garcia said the Armed Forces' restructuralization plan attained "a better use of human, material, and financial resources, which is something essential for the performance of a modern Army."

Among the measures that were adopted, he pointed out the staff reduction in the Army General Command, Staff, and Administrative Support Command, several of whose members were reassigned "to field positions."

The objective, he said, is to "concentrate the basic units in the large elemental tactical units by carrying out the necessary studies and coordination to modernize and readapt them."

After listing the many changes made in the force, he said the improvement of the efficiency, modernization, and readaptation of the Army "will, in the future, allow the Army to efficiently comply with its basic traditional mission of defending our independence, peace, territorial integrity, Constitution, and the laws within our specific jurisdiction, and will contribute to guaranteeing the security of the democratic institutions, which we hereby reaffirm."

In conclusion, Garcia said he is sure that "we are heading toward a more efficient and professional Army in which unified thought and action are and will be our line of action to attain our basic objectives."

Economy Minister Explains Policies, Evaluates Task

*PY2505025794 Montevideo EL PAIS in Spanish 18
May 94 p 10*

[Text] The government has not implemented a shock [preceding word in English] economic policy because pensions are indexed by constitutional mandate and because it was impossible to apply the process of reducing public expenditures due to the failure of privatizations. This is why the anti-inflationary measures have followed a "gradualist" course, Economy Minister Ignacio Posadas stressed in remarks to the Argentine newspaper *AMBITO FINANCIERO*.

Referring to the Argentine convertibility plan, the minister said: "The transformation Argentina has experienced has

impact, is revolutionary." And his opinion is that convertibility has "a symbolic value, but in my opinion it does not compare with structural reforms that are more substantial and long lasting."

Posadas admitted: "There was a time when our government seriously debated the possibility of implementing something similar, but it did not because the indexation of pensions imposed by the Constitution would have implied that a shock [preceding word in English] policy would have been followed by an enormous increase in social security expenditure."

He also added: "It was not possible to synchronize the process with the generation of fiscal resources from privatizations; this is a minority government. This was the great difference (with Argentina) that made us adopt a gradualist anti-inflationary strategy."

Referring to "currency over-evaluation," the minister said "this is a topic being discussed throughout Latin America," and that the so-called "over-evaluation" is nothing less than the level of competition of national enterprises when compared with foreign enterprises. "It would be dangerous to generalize because it implies not acknowledging the fact that some enterprises have had problems and others have made progress," he said.

Posadas indicated that it is not fair to attribute competition problems to exchange rate problems "because there are a series of factors in play: salary agreements within the private sector that have not come up to expectations; certain markets that receive our exports have suffered a recessionary period during the past few years; and some of our competitors, such as Southeast Asia, have had much lower costs than our own."

He also cited the argument of the inflow of capital that has kept the dollar at a low price in our market and has led the Central Bank to intervene in order to sustain the dollar to prevent a greater loss of competition by enterprises. "In any case, what can be questioned is whether every thing is being done, but what cannot be denied is that in this respect an active policy has been followed," the minister said. The minister rejected devaluation to improve competition because it would only be "a short-term improvement that would lead to greater inflation."

Posadas also evaluated the current government's accomplishments, saying: "We can feel satisfied if we take into account this government's starting point, but if we measure our task with all that we wanted to do and with what the country needs, then we have to acknowledge that we have not achieved all that we would have liked to."

University Salary Conflict

PY2405235594 Montevideo EL PAIS in Spanish 19
May 94 p 9

[Text] Economy Minister Ignacio Posadas did not want to give an opinion on whether the executive branch will veto the "interpretive law," which will permit a 6 percent salary increase, retroactive to 1 January, for employees and

teachers at the University of the Republic. With his usual directness and without concessions, the minister indicated that the responsibility for the salary increase does not lie with the executive branch and he criticized those who are pressuring Congress during an election year to obtain benefits.

"The executive branch has had to say no to salary demands, not only from the university but other sectors too, basically due to two factors: Because it does not have the money and because the Constitution wisely prevents the granting of salary increases in an election year in order to avoid demagogic pressure and weaknesses," the minister said.

He stressed that the interpretative law prevents this unconstitutionality and provides the resources. "Anyway, I believe there is nothing good in pressuring Congress during an election year in order to obtain salary increases," Posadas stressed.

When he was asked if the law would be viable if it provides the resources, the minister said: "All of this undoubtedly means a greater sacrifice for the people."

He did not wish to guarantee whether the executive branch would veto the "interpretative law" if it is approved today in the Chamber of Deputies and finally promulgated. "I am part of the executive branch, but I am not the executive branch; so let us see what is resolved," he said.

Posadas added that the executive branch is not authorized to disperse funds to serve this type of demand. "In these matters arguments are always used that are not in keeping with reality. It is said: We defend the university, which is being attacked by the executive branch. The executive branch does not attack the university, and this (conflict) is definitely not being carried out to defend the university. These are people who are asking for higher salaries (and) this is not a bad thing, but it is the truth. To make a big uproar to defend the university is somewhat conspicuous," he said.

"There is definitely not much heroism in this because who is going to pay? Those who are making the demands—of course not; you (the taxpayers) are going to pay because now we complete the vicious circle: The executive branch has no money in its pockets, it has no money of its own. If they oblige it to pay more, well then the executive branch is going to take the money from you; there is no other way," he emphasized.

When he was asked how conflicts such as the university conflict are resolved, he said: "The solution to conflicts must come from those who create them because here we have another very curious thing: A conflict is generated and then they go and ask the other party how to resolve it; (the conflict) was not my idea."

Herrerists Proclaim Ramirez Presidential Candidate

PY2405235694 Montevideo EL PAIS in Spanish 20 May 94 p 8

[Excerpt] On 19 May, the National Executive Committee of the Herreraist faction unanimously proclaimed Juan Andres Ramirez its presidential candidate. They also approved the first five candidates for the Senate by a majority.

The executive committee of the majority faction of the party also approved the report drafted by its Political Affairs Committee—thus confirming what EL PAIS published yesterday—recommending that the faction's convention on 22 May approves these two points.

Ramirez' proclamation, which was the first point, was unanimously approved. The second point, regarding the list of members for the Senate, received a negative vote from Deputy Arturo Heber and reservations from two other leaders.

Senator Jorge Silveira Zavala, president of the Herreraist faction, announced this at the end of a two and a half hour meeting. He confirmed that the Senate list will be headed by Transport and Public Works Minister Juan Carlos Raffo, San Jose Mayor Juan Chiruchi, Deputy Luis Alberto Heber (Rivera Department), Deputy Carlos Garat (Colonia Department), and Uruguay Tourne, a former senator and current member of the National party's executive board.

The executive board decided to postpone selecting the candidate for the vice presidency. [passage omitted]

Venezuela

Caldera Reportedly Preparing To Remove Ministers

PA2605013394 Caracas ECONOMIA HOY in Spanish 25 May 94 p 5

[By Gregorio Salazar]

[Text] Judging from unofficial yet reliable information circulating yesterday among journalists at Miraflores Palace, Cesar Quintini Rosales, transportation and communications minister, will not be the only one to leave President Rafael Caldera's executive team.

Quintini will reportedly be joined by Development Minister Luis Carlos Palacios; Ciro Anz Fonseca, agriculture and livestock minister; and Roberto Perez Lecuna, environment and natural renewable resources minister

Development Minister Palacios has apparently followed the government's general guidelines in the commerce and industries sector, and certain people say the tendency will be to fall back and return to subsidies. Labor unions have criticized the minister, and it is believed that he is trying to

absorb organizations like the Institute for Consumer Education and Protection (IDEC) and the Institute for Business Competition.

No one knows if the minister's problems stem from actions taken by his brother. Rumor has it that the minister's brother went to the Institute for Business Competition and demanded that the organization change its decision to prevent the merger of Heinz and Yukery "because he is the minister's brother." Environment Minister Perez Lecuna has been forced to face the critical problem created by the water shortage. The extended drought has spread a desperation among the people that has not been seen in many years. Nevertheless, there is no information on any errors or omissions on the minister's part that could serve as the basis for his removal.

As for the agriculture and livestock minister, organizations like Fedagro [National Federation of Agricultural-Livestock Producers], Fedenaga [Venezuelan Cattlemen's Federation], and Fedenaca [Peasant Union] have demanded Ciro Anz Fonseca's removal, bitterly complaining about the minister's inability to act as a mediator to renegotiate the 143 billion bolivar debt in the agriculture sector and obtain a higher preferential rate to finance this year's harvest.

Cesar Quintini Rosales' problems in the Transportation and Communications Ministry are well known. They began with the resignation of deputy minister Rafael Iribarren, who reported the existence of corrupt groups supported by high-ranking officials. Quintini is not alone. Rumor has it that he is supported by Hugo Perez La Salvia, a member of the commission conducting the investigation of Iribarren's charges, the results of which remain unknown. Journalists report that he was fired, but yesterday Quintini denied dismissing him.

President Discusses 'Abnormal Situation,' Two Crises

PA2405151294 Caracas Union Radio Network in Spanish 2200 GMT 22 May 94

[From the "Union Radio News"]

[Text] President Rafael Caldera has indicated that in Venezuela, there is a high demand for foreign exchange by speculators and that his government has been questioned for political rather than economic reasons. Caldera stated that an abnormal situation prevails in the country but added that his government will win the confidence battle.

Caldera emphasized the fact that there are currently two crises. One is the institutional crisis resulting from the trials of former Presidents Jaime Lusinchi and Carlos Andres Perez and the transitional government led by Jose Ramon Velasquez, which gave public employees a salary increase without enough available funds. The other is the economic crisis resulting from the intervention involving Banco Latino.

Caldera Blames Pressure on Currency for Increasing Deficit*PA2505195194 Caracas REPORTE DE LA ECONOMIA in Spanish 23 May 94 p 2*

[Report by Jaqueline Aponte]

[Text] Venezuelan President Rafael Caldera has said the country's fiscal deficit is worsening mainly because of the crisis in the banking sector—a crisis he says has prompted irregular, unjustifiable, and perverse pressure on Venezuelan currency to convert it to foreign currency, which is impoverishing our nation.

He said the state currently does not have a plethora of resources as it did in the past when resources were squandered and used to encourage physical and moral corruption. He said: "We do not have a great deal of money in our budget; instead, we have found a tremendous deficit that is getting worse for a thousand reasons."

Speaking at the Saturday inauguration of a newly built section of the Trapichito neighborhood in Valencia, President Caldera noted that although resources are scarce, there still exists a great deal of hope, desire, and a strong work ethic in the nation. He added that, through the joint efforts of various state offices that deal with public housing and slums, the nation will face these social problems, which it still considers a priority.

"I feel a special calling to resolve the housing and slum problems, and the government I head is committed to this and intends to struggle and open the way to clean up slums throughout the country and boost housing at every level in accordance with the economic needs of the dwellers," Caldera concluded.

Deadline Set for Insolvent Banks To Underwrite Capital*PA2505181694 Caracas Union Radio Network in Spanish 2200 GMT 23 May 94*

[From the "Union Radio News" newscast]

[Text] During a meeting at the Banco de la Construcción, it was announced that, as of Monday, the stockholders of all banks receiving financial assistance from Fogade [Deposit Guarantee and Banking Protection Fund] will have 15 days to underwrite the capital needed to cover the losses incurred by the banks. It was also announced that Fogade will take control of all subsidized banks failing to meet this requirement.

The meeting marked the end of the financial assistance agreement with the banks, and now the goal is for the banks to begin operating on their own and to start repaying the funds provided by Fogade. Here are statements by Fogade President Noris Aguirre:

[Begin Aguirre recording, in progress] ...Fogade has simply waived conditional ownership. We should remember that in no way have we forfeited the rest of the shares placed

under our control as creditors as a result of the financial assistance we provided. It is only [words indistinct] currently in effect in those banks that can replace all of the capital due by 1630 on 15 June. If by that time the stockholders have not guaranteed this capital, Fogade will be entitled to seize operational control.

Nevertheless, as of today, the management of these banking institutions remains under the control of the Venezuelan state—a move intended to ensure the openness of the entire process and the beginning of a new climate of trust. To me personally, it is a pleasure to announce that I have just received the requirements [words indistinct] and many of the banks' clearing houses have responded favorably. [end recording]

Meanwhile, Banco Metropolitano and Banco Barinas have scheduled stockholders meetings for Tuesday.

Bolivar Falls 29 Percent Following Central Bank Measure*PA2505040694 Caracas Union Radio Network in Spanish 2200 GMT 24 May 94*

[Report by Fabioli Vechionacce from the "Union Radio News" newscast]

[Text] The value of the bolivar fell more than 29 percent on Tuesday in response to changes implemented by the Central Bank of Venezuela in the mechanism for allocating dollars for commercial banks.

As of Tuesday, the official average exchange rate at the Central Bank of Venezuela was 156.31 bolivares to the dollar, which means dollars were sold by [words indistinct] at a minimum price of 151.50 and a maximum of 175 bolivares. There was a 36-bolivar increase over the official closing price the previous day, which was 139 bolivares. As for the unofficial market, there was a 3-bolivar drop compared to the closing price on Monday. At six banks, the dollar was sold for as much as 180 bolivares, which broke the previous highest rate by 15 bolivares. The devaluation of our currency could be described as historic if we bear in mind that in 1993 the total devaluation was 33.2 percent. That is the response to the new system [words indistinct] dollars by the Central Bank of Venezuela, which has its pros and cons because at least the Venezuelan Petroleum Chamber believes it is a positive step toward strengthening the country's economy.

[Words indistinct] from the Venezuelan Petroleum Chamber said:

[Begin recording][Venezuelan Petroleum Chamber official, in progress] ...to return to the country's exchange rate, and we hope to return to this reality. We must not return to an artificial, controlled exchange rate. We hope to adapt to a progressive devaluation.

[Unidentified reporter] Today, how much was [words indistinct]?

[Petroleum Chamber official] In the case of several companies affiliated with the Petroleum Chamber, the rate is 170 or 172 bolivares per dollar.

[Reporter] [Words indistinct]

[Petroleum Chamber official] That is correct. That is what I just said. The accelerated devaluation rate is unfortunate, but if we must choose between having a dollar at a single exchange rate of 160 bolivares, which we had before, and what we have now, we prefer what we have now. [end recording]

According to Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] President Edgardo Romero Nava, the foreign exchange allocation system implemented by the Central Bank of Venezuela will fail if a macroeconomic stabilization program is not implemented.

[Begin Romero Nava recording] [Words indistinct] includes all factors linked to the economy. [passage indistinct]. [end recording]

It is important to note that according to the (?Dutch) method implemented by the Central Bank of Venezuela, the issuing bank sells the currency [words indistinct] at the highest price so it is subject to the forces of supply and demand on the free market.

Finally, the Fedecamaras president said he believes that if the exchange rate situation continues on it is present course, inflation will reach 50 percent by the end of the year.

Government Approves Tax Package, Tax Code, Tax Reforms

PA2605024294 Paris AFP in Spanish 2047 GMT
25 May 94

[Text] Caracas, 25 May (AFP)—A tax on luxury items (between 10 percent and 30 percent) and wholesale transactions (10 percent); a new tax code; reforms to the income tax; and a new fiscal stamp law were approved on Wednesday by President Rafael Caldera's administration, it was officially reported in Caracas.

The approval of these taxes and laws complete the package of new fiscal mechanisms proposed by Caldera. Part of these mechanisms had been approved earlier—a tax on bank debits (0.75 percent) and new laws for the concession of public works and for a budget.

Caldera received special powers from Congress approximately one month ago for the implementation of this series of taxes and tax laws. The powers are valid through today and they authorize him to issue a decree approving these laws instead of submitting them for parliamentary discussions.

Upon reporting the approval of these new taxes, with which the government expects to overcome this year's fiscal gap—calculated at approximately \$6 billion—

Finance Minister Julio Sosa said the Venezuelan economy is leaning toward stabilization. Sosa also said that the currency could be revalued in about two weeks. The bolivar, whose exchange rate has dropped considerably for a month, has been devalued 30.93 percent, and its parity with the dollar is currently 182 bolivares. Nevertheless, Sosa said that parity could rise to 150 bolivares in approximately 15 days.

Finance Minister Expects Bolivar To Stabilize; To Visit U.S.

PA2605031894 Caracas Union Radio Network in Spanish 2200 GMT 25 May 94

[From the "Union Radio News" newscast]

[Text] Finance Minister Julio Sosa Rodriguez has said that within (?15) days the dollar exchange rate will stabilize at 150 bolivares because the U.S. currency is overvalued [passage indistinct].

[Begin Sosa recording] The exchange rate stands at 170 bolivares to the dollar. That is a completely overvalued dollar. The bolivar was overvalued in the past, but now we have an undervalued bolivar. I think nervousness led a number of people to apply pressure on a balance of payments that should have been perfectly manageable. They will probably realize in the future that the [words indistinct] was too good. [end recording]

The finance minister reported that in a meeting today the Council of Ministers approved four tax laws [words indistinct], including a property tax [words indistinct], a tax on the sale of luxury items, and a wholesale tax. The wholesale tax will produce (?350) billion [currency not specified] for the national treasury [words indistinct].

Sosa announced that he will travel to Washington on Thursday to meet privately with IMF President Michel Camdessus to ask for help in restoring confidence in the country.

Economic Reform Minister Confident of Improving Bolivar Situation

PA2605032594 Caracas Union Radio Network in Spanish 2200 GMT 25 May 94

[Report by Cecilia Cayone from the "Union Radio News" newscast]

[Text] Asdrubal Batista, minister for the reform of the national economy, has expressed confidence that the new banking system will help the price of the dollar stabilize at a lower level than that registered in the past days. Batista made this statement to Congress, where he was questioned about basic [words indistinct]. Asked if he believed new social chaos was brewing given the difficult situation Venezuela faces, Batista replied:

[Begin Batista recording] I do not foresee a situation like the social chaos that affected the country. We certainly have a new policy, which has only been in effect for a day.

We firmly hope the dollar will stabilize at a level below the values it reached so that there will be no reason to have an excessive rise in the price of the dollar. In this context, we must remember that volatile forces affect the market, and that sometimes they cause situations that go beyond reasonable and expected limits. The process is being monitored in a very responsible and careful manner to ensure that state mechanisms [words indistinct] freely and [word indistinct]. [end recording]

Nevertheless, Batista asserted that the government does have a coherent economic policy despite what other national sectors say. Batista argued that President Rafael Caldera has not broken his commitment of avoiding a sharp devaluation, but circumstances have prevented Caldera from complying with his goal. Finally, when asked about his dismissal, Batista indicated that the president is entitled to choose the individuals who he deems will work best with him.

Interior Minister on Speculation, Fight Against Crime

PA2605030994 Caracas Union Radio Network in Spanish 2200 GMT 25 May 94

[Report by Vicente Briceno at Miraflores Palace from the "Union Radio News" newscast]

[Text] Interior Minister Ramon Escovar Salom has issued an appeal to the people, urging them to remain alert and report the speculation and hoarding that is currently taking place with food and medicine. The control mechanisms' inability to curb this abuse, which negatively affects the consumer spending, has compelled the government to (?seek) ways to control unscrupulous businessmen who want to profit from the current crisis in the country.

Likewise, the interior minister said he is willing to hear the community's proposals to cooperate with police authorities in the struggle against crime. He referred to the initiative adopted by the [word indistinct] Against Crime

Movement, which he received in his office, [words indistinct] plan actions to fight crime.

[Begin Escovar recording] I wish to welcome, as interior minister, these spontaneous movements organized by civilian society, which realizes personal safety is the country's leading problem. Some polls show the safety problem is the country's leading problem—58 percent of Venezuelans believe this is the leading problem in the country. This proves the democratic maturity many people have because they realize they must cooperate and mobilize themselves against violence and crime. The government is [words indistinct]. [end recording]

The interior minister explained that these groups organized as civic movements (?advocate) defending themselves with precautionary measures rather than weapons; although [words indistinct] permits, provided they fulfill the provisions demanded by the weapons and explosives law.

Mass Transit Strike in Barinas; Disturbances Erupt

PA2505233094 Paris AFP in Spanish 2008 GMT 25 May 94

[Text] Barinas, Venezuela, 25 May (AFP)—A mass transit strike today paralyzed the city of Barinas, 420 km southwest of Caracas, where student disturbances were reported even though the National Guard had occupied the city since early morning, according to the national news agency VENPRES.

Groups of students set several vehicles on fire and erected barricades at strategic points in the city to protest an unauthorized fare hike and a failure to apply reduced student bus fares.

Police spokesmen told AFP that as of noon, there were no reports of injuries.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.